

City of Brisbane Agenda Report

TO: Honorable Mayor and Council

FROM: Clay Holstine, City Manager

SUBJECT: Resolution of support for Campaign to Reform Proposition 13

DATE: March 17, 2014

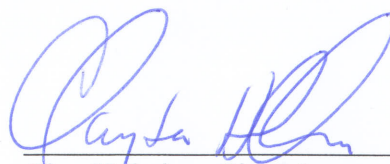
Recommendation

Consider adoption of Resolution No. 2014-05 supporting the campaign for commercial property tax reform.

Background

At the City Council Meeting of March 3rd representatives from a community organization “evolve” spoke about their local government campaign to support commercial property tax reform. The City Council asked staff to bring back a proposed resolution for consideration at their next meeting.

Attached is a proposed resolution as well as information that was presented to the City Council regarding this campaign.



Clay Holstine, City Manager

RESOLUTION 2014-05

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF BRISBANE SUPPORTING THE “CLOSE THE COMMERCIAL PROPERTY
LOOPHOLE” IN PROPOSITION 13 CAMPAIGN**

WHEREAS, Proposition 13, passed in 1978, is unfair in that it allows commercial property owners to avoid paying their fair share and has shifted the tax burden to residential property and away from business, including everyday homeowners and working families; and

WHEREAS, the state of California continues to face chronic budget crises in large part because Proposition 13 has forced the state to rely on more volatile revenue sources than the property tax, like income taxes and sales taxes paid by working families that move in tandem with economic cycles, causing deficits and requiring cuts to vital services that grow our economy and thereby worsening economic downturns;

WHEREAS, regularly reassessing non-residential property would, according to an analysis of data provided by the California Board of Equalization, generate at least \$6 billion in additional revenue for California, and shift the tax burden from homeowners, renters, and working families to corporations and commercial landholders;

THEREFORE BE IT RESOLVED that the Brisbane City Council supports commercial property tax reform that will require non-residential commercial properties to be reassessed regularly while maintaining Proposition 13 protections for residential property and small business owners; and

THEREFORE BE IT FURTHER RESOLVED that the Brisbane City Council will communicate this position to local elected officials.

W. CLARKE CONWAY
Mayor

I hereby certify that the foregoing Resolution 2014- was duly and regularly adopted at a regular meeting of the Brisbane City Council on March 17, 2014, by the following vote:

AYES:

NAYS:

ABSENT:

SHERI MARIE SPEDIACCI
City Clerk



Local Government Campaign Talking Points

- According a January 2014 PPIC poll, 59% of likely voters in California support taxing commercial properties at their current market value.
- Voters passed Prop. 13 to protect seniors and families from rising property taxes – not large corporations. Chevron alone is saving close to a billion dollars a year under Prop. 13's commercial loopholes.
- Since commercial properties rarely change hands they are rarely reassessed. For example, Disneyland is still paying property taxes based on a 1975 assessment.
- Since Prop. 13 passed the tax burden has shifted to homeowners and families. In California, residential property owners pay 72% of the property taxes and commercial property owners only pay 28%.
- In 40 out of 50 states, commercial property owners pay higher taxes than residential property owners.
- Property taxes are a critical source for local discretionary spending. Statewide 30% of cities' discretionary revenue, for public safety and infrastructure, comes from property taxes.
- Between 2001-2012 voters approved about 180 regressive parcel tax measures to fund cities, counties, and special districts. This negatively impacts working families.
- Families in California are paying more every year to fund our schools and public services. Because commercial property owners are not paying their fair share of property taxes, we now have the highest income and sales tax rates in the nation.
- Under Prop. 13, two identical businesses can pay very different property taxes. This puts new businesses at a competitive disadvantage.
- Prop 13 has decimated funding for public schools. California has dropped to 49th in the nation in per-pupil spending.
- Between 2008 and 2012, funding for the University of California system was cut by \$900 million.

Property Tax Funds Local Government

- Property tax revenue remains within the county it was collected and is used exclusively by local governments.
- Property taxes are a critical source for local discretionary spending. Statewide 30% of cities' discretionary revenue (public safety and infrastructure) come from property taxes.
- Prior to Prop 13 commercial real estate accounted for 40% of property tax revenue in California. Today only 28% of property taxes come from non-residential property.
- Between 2001-2012 voters approved about 180 regressive parcel tax measures to fund cities, counties, and special districts. This negatively impacts working families.

Lack of Property Tax Revenue Hurts Schools

- California is 49th in the nation in per pupil spending as a share of income.
- From 2008-2012 Sacramento cut \$2.65 billion from higher education funding. Tuition at UC doubled from 2007-2011 and doubled at CSU from 2005-2011.

CA K-12 Spending Per Student Minus K-12 Spending in Rest of US (2012-13 Dollars)

