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FOR IMMEDIATE RELEASE

Broad Coalition Submits 860,000 Signatures for Historic Prop 13 Reform Initiative for November 2020 Ballot

First commercial property tax reform initiative to qualify in 40 years since Prop 13 passed in 1978

(August 14, 2018) - (Statewide, CA) - Today, Schools and Communities First, a powerful statewide coalition of nearly 300 endorsing community organizations, labor unions, business leaders, philanthropic foundations and elected officials, announced the submission of over 860,000 signatures to the 58 County Registrars to qualify the *California Schools and Local Communities Funding Act* for the November 2020 ballot. The coalition's deadline to qualify for November 2020 is August 20th and 585,407 verified signatures are required. This will be the first commercial property tax reform initiative to qualify for the ballot in 40 years since Prop 13 passed in 1978.

Simultaneous press conferences were held in 5 different cities across the state, including Berkeley, Los Angeles, San Diego, Fresno, and San Bernardino. Over the past 5 months, over 5,000 volunteers and 90 organizations collected more than 860,000 signatures. Hundreds of members of the coalition participated in the events across the state, which concluded with celebratory rallies after the formal press conference ended.

"Over the last 40 years, California has lost hundreds of billions of dollars in revenue, leading to chronic underfunding of schools, services, and local communities along with poor local land use decisions, and a spiraling housing crisis," said Helen Hutchison, President of the League of Women Voters of California. "Schools and Communities First is the first structural and equitable tax reform in four decades. It will reclaim over \$11 billion robbed every year from schools and local communities, shaping a new legacy of investment in the people of California."

"California now boasts the 5th largest economy in the world, and yet has the highest rates of poverty, one of the lowest rates of per-pupil spending for our schools, and a housing crisis where teachers, nurses, and security guards can't afford housing near their jobs. Investing in the future – schools, sustainable neighborhoods, and shared prosperity – is critical to our growing economy," said Josh Pechthalt, President of California Federation of Teachers. "For too long California has treated children as second-class citizens while prioritizing the wealthiest corporations. This initiative will restore funding to K-12 schools and community colleges, ensuring all children in California have access to a world-class education."

August 14th is 6 days before the deadline to submit and the first day of school for many districts across the state. By qualifying this year for the November 2020 ballot, the measure will be placed at the top of the 2020 ballot and will catalyze a conversation over the next two years about the need to tackle Prop 13's commercial property inequities, long considered the untouchable "third rail" of California's politics.

"This is a defining moment for California," said Fred Blackwell, CEO of the San Francisco Foundation. "Closing the commercial property tax loopholes is important to our state and to our Bay Area region. It is our opportunity to affect positive change by restoring more than \$11 billion a year to our schools and vital community services without raising taxes on homeowners, renters, and small businesses."

SCHOOLS & COMMUNITIES FIRST

The case for split roll reform has been bolstered recently with the publishing of a [peer-reviewed study by Dr. Chris Benner of UC Santa Cruz](#), “Market Value”. Dr. Benner’s research found that passing a split roll reform measure in California would strengthen California’s economy, debunking a faulty 2012 Pepperdine study that claims Prop 13 reform would lead to job loss.

If passed, the *California Schools and Local Communities Funding Act* would close the millionaire and billionaire corporate tax loophole in Prop 13 by requiring all commercial and industrial properties to be assessed at fair market value, putting California on par with how the vast majority of the country assesses commercial property. The measure will reclaim \$11 billion every year, roughly half allocated for K-12 schools and community colleges, and the remaining allocated to counties and cities according to current property tax guidelines. The measure maintains Prop 13’s current protections for homeowners, renters and agriculture, and includes small business tax relief and oversight and accountability.

The Schools and Communities First coalition unites every region, demographic and sector of California - from north to south, urban and rural, workers and business leaders, seniors and young people, teachers and students, homeowners and renters, and long-time residents and newcomers. Over the next 2 years, Schools and Communities First will continue to expand the coalition, engage in public education to strengthen the path the win, and raise the needed resources through the existing broad bench of major funders and thousands of small donors. The aim will be to catalyze a conversation in California over the next two years about the need for Prop 13 reform, and build to significantly increase turnout among new and unlikely voters in 2020.

“Today we are taking a huge step toward building a strong and prosperous California, one where everyone can get ahead,” said Andrea Guerrero, Executive Director of [Alliance San Diego](#). “The time is now to build power from the ground up to ensure that California puts people, kids, and communities first - not corporate interests. By reclaiming over \$11 billion robbed every year from schools and local communities -- including \$1 billion that will directly benefit San Diego County -- we will shape a new legacy of investing in the people of California.”

About Schools and Communities First

Schools and Communities First is a powerful, growing statewide alliance of over 280 community organizations, labor unions, business leaders, philanthropic foundations and elected officials seeking create a California that works for everyone. Members of the coalition include California Calls, League of Women Voters of California, California Alliance for Retired Americans, Tech Equity Collaborative, Housing California, Evolve California, Common Sense Kids Action, Policy Link, the California Federation of Teachers, Advancement Project California, ACLU of Southern California, Coalition for Humane Immigrant Rights of California, Community Economics, Working Partnerships, USA, Oakland Rising, Bend the Arc for Justice, Chan-Zuckerberg Initiative, PICO California, ACCE, Asian Pacific Islanders for Civic Empowerment, California Association of Nonprofits, Courage Campaign, California Partnership, the Parent Teacher Association, the San Francisco Foundation, APEN Action, and Power California.

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Paid for by Schools and Communities First Sponsored by a Coalition of Social Justice Organizations
Representing Families and Students – [777 S. Figueroa St., Ste. 4050, Los Angeles, CA 90017](#).

Committee major funding from:
The San Francisco Foundation

Million Voter Project Action Fund, Sponsored by Social Justice Organizations
United Teachers Los Angeles

Funding details at <http://fppc.ca.gov>



Please contact Kevin Perez-Allen kallen@calicalls.org or (714) 499-4481 to schedule interviews

COALITION SPOKESPEOPLE

Helen Hutchinson, Executive Director, League of Women Voters
Joshua Pechthalt, President, California Federation of Teachers
Chris Wilson, Associate Director of Alliance San Diego
Ben Grieff, Campaign Director, Evolve California
Jennifer Martinez, Director of Strategy, PICO California
Aparna Shah, POWER California
Lisa Hershey, Executive Director, Housing California

PRESS CONFERENCE SPEAKERS

BAY AREA

Jeff Freitas, Secretary Treasurer, California Federation of Teachers
Pauline Brooks, Vice President, California Association of Retired Americans
Laneisha Butler, Youth Organizer, Oakland Rising
Dee Rosario, Oakland Park Board Commissioner
Emily Capage, Evolve volunteer and UCSF Student
Nancy Harvey, Member Leader (Child Care worker), SEIU 521
Ben Grieff, Campaign Director, Evolve California

LOS ANGELES

Angelica Salas, Executive Director, CHIRLA
Alberto Retana, President & CEO of Community Coalition
Congressmember Karen Bass
Joshua Pechthalt, President, California Federation of Teachers
Olivia Barbour, community member of SCOPE
Rabbi Aryeh Cohen, Bend The Arc

SAN DIEGO

Chris Wilson, Associate Director, Alliance San Diego
Jeanne Brown, Teacher and member of the League of Women Voters of San Diego
Kisha Borden, President of San Diego Education Association
Chris Kennison, College student/Youth Leader

FRESNO

Thomas Weiler, Director, Faith in the Valley
Venise C. Curry, M.D., San Joaquin Valley Regional Director, Communities for a New California
Rev. Deacon Nancy Key, Episcopal Diocese of San Joaquin and member of the Faith in Fresno Clergy Caucus
Marinarde Soto, Member, 99Rootz
Ron Martin, Member, California Association of Retired Americans

SAN BERNARDINO

Reverend Sam Casey, Executive Director, Congregations Organized for Prophetic Engagement
Abigail Medina, President of San Bernardino City Unified School District
Mary Valdemar, Co-Founder of ChiCCCAA
Lucia Gaitan, Community Member & Inland Congregations United for Change (ICUC) Board Member



TOGETHER WE ARE MAKING HISTORY



PRESS CONFERENCE AND CELEBRATION

Join the Schools and Communities First campaign in 5 regional press conferences on Tuesday, August 14 as we submit over 850,000 signatures to qualify the California Schools and Local Communities Funding Act for the November 2020 ballot. Passing Schools and Communities First would represent the first structural and equitable tax reform in four decades.

TUESDAY, AUGUST 14, 2018 – 9:30 AM

LOS ANGELES

Manual Arts Senior High School
4131 Vermont Ave,
Los Angeles, CA 90037

BAY AREA

South Berkeley Senior Center
2939 Ellis Street at the corner of
Ashby (1 block west of Ashby Bart
Station)

SAN DIEGO

Monroe Clarke Middle School
4398 Thorne St. San Diego, CA

SAN BERNARDINO

Center for Youth and Community Development
1180 W. 9th Street, San Bernardino, CA 92411

FRESNO

Gaston Middle School
1100 E Church Ave, Fresno, CA 93706

Schools and Communities First is a broad and growing coalition of 270 local community organizations, advocates, local labor unions, business leaders, faith-based networks and philanthropic foundations. We are uniting California to shape a new 40 year legacy based on shared prosperity. The Schools and Local Communities Funding Act will reclaim over \$11 billion ever year by closing the corporate property tax loophole in Prop 13.

League of Women Voters, PICO California, California Calls, Advancement Project California, Common Sense Kids Action, Evolve California, California Federation of Teachers, Alliance San Diego, CHIRLA, Power California, Housing California, Community Economics, APEN Action, AAPIs for Civic Empowerment, United Teachers of Los Angeles, Tech Equity Collaborative, California Association of Retired Americans, Oakland Rising, Working Partnerships USA, Policy Link, California Tax Payer Association, Courage Campaign, California Association of Nonprofits, ACCE, California Partnership, ACLU of Southern California, Bend the Arc for Justice

**For more information contact 323-735-9515
Sign up to join us @ www.schoolsandcommunitiesfirst.org**

Paid for by Schools and Communities First Sponsored by a Coalition of Social Justice Organizations Representing Families and Students – 777 S. Figueroa St., Ste. 4050, Los Angeles, CA 90017. Committee major funding from The San Francisco Foundation, Million Voter Project Action Fund, Sponsored by Social Justice Organizations, and United Teachers Los Angeles. Funding details at <http://fppc.ca.gov>

SCHOOLS & COMMUNITIES FIRST

**Restores Over \$11 Billion a Year for our Schools and Community Services
Does NOT Raise Taxes on Homeowners, Renters or Small Businesses**

The California Schools and Local Communities Funding Act will:



RESTORE OVER \$11 BILLION a year in revenue for our schools and local communities by closing the Prop 13 Corporate Loophole.



NOT RAISE TAXES on homeowners, renters, or small businesses.



HELP SMALL BUSINESS by eliminating the burdensome business personal property tax while also leveling the playing field for new businesses.



MANDATE FULL TRANSPARENCY AND ACCOUNTABILITY for all revenue restored to California's schools and local communities.

Trump's federal tax bill is a massive tax giveaway to millionaires, billionaires, and large corporations paid for by raising taxes on Californians and slashing funding for our schools and vital community services. In California we have our own massive tax giveaway that benefits these same large corporations at the expense of homeowners, renters and small businesses.

The Prop. 13 Corporate Loophole allows a small number of large commercial property owners to avoid paying over \$11 billion every year in property taxes. In fact, only 8% of commercial properties get 77% of the benefit from the loophole.

Schools and local communities have already suffered from 40 years of divestment due to the Prop. 13 Corporate Loophole. Trump's massive corporate tax cuts will hurt Californians even more -- our education, first responders, healthcare, and community services are all threatened.

The California Schools and Local Communities Funding Act is the only fair way to restore billions of dollars of reliable revenue every year for our schools and local communities without raising taxes on homeowners, renters, or small businesses.

Join a growing statewide coalition of community groups, educators, parents, local community leaders and more than 250 organizations that are supporting this commonsense and desperately needed reform.

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Chan Zuckerberg Advocacy (Nonprofit (501(c)(4))

Funding details at <http://fppc.ca.gov>

The California Schools and Local Communities Funding Act:



Restores over \$11 billion a year for services that all Californians rely on like schools and community colleges. 40% will support K-12 education and community colleges. 60% will be shared by counties, cities and special districts to support community services, including health clinics, trauma care and emergency rooms, parks, libraries and public safety.



Reforms commercial property taxes, while guaranteeing existing protections for residential property and agricultural land.



Closes the millionaire, billionaire, and big corporation tax loophole by requiring all commercial industrial properties to be assessed at fair market value, putting California on par with how the vast majority of the country assesses these properties. California's commercial property tax rates will still be among the lowest in the country because of Proposition 13's limits on property taxes, which this initiative does not change.



Mandates full transparency and accountability for all revenue restored to California from closing the commercial property tax loophole.



Benefits small businesses in three ways: it exempts owner operated small businesses from reassessment until they are sold, it levels the playing field so small businesses can compete more fairly with big corporations, and it reduces their taxes by eliminating the property tax on fixtures and equipment (the business personal property tax) for all small businesses.



Places California on par with how the vast majority of states treat commercial property by assessing them at fair market value. This initiative only affects under-valued commercial properties, creating a level playing field for those businesses that already pay their fair share. And California's commercial property taxes will still be among the lowest in the country because of Proposition 13's cap on tax rates, which the California Schools and Local Communities Funding Act does not change.

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SCHOOLS & COMMUNITIES FIRST

The California Schools and Local Communities Funding Act reclaims \$11 billion robbed from our schools and neighborhood services because of Prop 13's commercial property tax loophole. This measure protects homeowners and renters while taxing undervalued commercial land at fair market value. It creates a level playing field among businesses, ending the unfair advantage given to a fraction of billionaire and millionaire corporate landlords that benefit from the loophole.

Schools and Communities First is a broad statewide coalition of community, faith and labor organizations who have joined together to restore funding to schools and local communities and make our tax system fair.

Schools and Communities First Executive Committee



Schools and Communities First Steering Committee



SchoolsandCommunitiesFirst.org info@schoolsandcommunitiesfirst.org 323-735-9515

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United Teachers Los Angeles

Funding details at <http://fppc.ca.gov>

AUGUST 2018 ENDORSERS

STATE & FEDERAL ELECTED OFFICIALS

- Senator Scott Weiner, 11th Senate District
- Assemblyman Rob Bonta, 18th Assembly District
- Assemblyman Kansen Chu, 25th Assembly District
- U.S. Congresswoman Karen Bass

LOCAL GOVERNMENTS

- San Francisco Board of Supervisors
- Oakland City Council
- Berkeley City Council
- Albany City Council
- Albany Unified School District
- Oakland Unified School District
- Pasadena Unified School District
- San Francisco Unified School District

LOCAL ELECTED OFFICIALS

City Mayors and Council Members

- Libby Schaaf, Mayor of Oakland
- Gabriel Quinto, Mayor of El Cerrito
- John Bauters, Mayor of Emeryville
- David Glass, Mayor of Petaluma
- W. Clarke Conway, Mayor of Brisbane
- Jose Gurrola, Mayor of Arvin
- Peggy McQuaid, Mayor of Albany
- John Keener, Mayor of Pacifica
- Gregory Pettis, Mayor Pro Tem of Cathedral City
- Rod Sinks, Vice Mayor of Cupertino
- Alexandra Medina, Vice Mayor of Emeryville
- Chris Rogers, Vice Mayor of Santa Rosa
- Gayle McLaughlin, Former Mayor of Richmond
- Nancy Shepherd, Former Mayor of Palo Alto
- Nick Pilch, Albany City Council Member
- Sophie Hanh, Berkeley City Council Member
- Kate Harrison, Berkeley City Council Member
- John Aguilar, Cathedral City Council Member
- Gregorio Gomez, Farmersville City Council Member
- Myrna de Vera, Hercules City Council Member
- Marqueece Harris-Dawson, Los Angeles City Council Member
- Dan Kalb, Oakland City Council Member
- Adrian Fine, Palo Alto City Council Member
- Tom DuBois, Palo Alto City Council Member
- Tim Rood, Piedmont City Council Member
- Rishi Kumar, Saratoga City Council Member
- Melvin Willis, Richmond City Council Member
- Jovanka Beckles, Richmond City Council Member
- Michael Salazar, San Bruno City Council Member
- Cecilia Valdez, San Pablo City Council Member
- Kevin McKeown, Santa Monica City Council Member
- Terry O'Day, Santa Monica City Council Member
- Jack Tibbetts, Santa Rosa City Council Member
- Holli Thier, Tiburon Town City Council Member

County Supervisors

- Sheila Kuehl, Los Angeles County Board of Supervisors
- Sandra Fewer, San Francisco Board of Supervisors
- John Leopold, Santa Cruz Board of Supervisors

Other

- Barbara Contreras Rapisarda, Pico Water District
- Elizabeth Minter, Placentia Library District of Orange County

SCHOOL BOARD OFFICIALS

- Amber Childress, Alameda County Board of Education
- Anne McKeregan, Alameda Unified School District
- Kim Trutane, Albany Unified School District
- Joseph Barragan, Alvarado Unified School District
- Bob Laurent, Amador Unified School District
- Debra Vinson, Antioch Unified School District
- Jeri Bible Vogel, Azusa Unified School District
- Xilonin Cruz-Gonzalez, Azusa Unified School District
- Jo A.S. Loss, Castro Valley Unified School District
- Francisco Tamayo, Chula Vista Elementary School District
- Brigitte Davila, President, City College of San Francisco
- Rafael Mandelman, City College of San Francisco
- Alex Randolph, City College of San Francisco
- John Rizzo, City College of San Francisco
- Shanell Williams, City College of San Francisco
- Tom Temprano, City College of San Francisco
- Lorraine Prinsky, Coast Community College District
- Kent Taylor, Colton Joint Unified School District
- Jennet Stebbins, Delta Community College of San Joaquin
- Pattie Cortese, East Side Union High School District
- David Diaz, El Monte Union High School District
- Omar Torres, Franklin-McKinley School District
- Lois Locci, Gavilan Joint Community College District
- Henry Lo, Garvey Elementary School District
- Dr. Annette, Hayward Unified School District
- Kalimah Salahuddin, Jefferson Union High School District
- Robert Garcia, Jurupa Unified School District
- Jonathan T. Wright, Trustee, Martinez Unified School District
- David Gerard, Morgan Hill Unified School District
- Amy Martenson, Napa Valley College
- Gregory Mack, Novato Unified School District
- Ed Lopez, North Orange County Community College District
- Jody London, Oakland Unified School District
- Shanthi Gonzales, Oakland Unified School District
- Nina Sen, Oakland Unified School District
- Kimberley Beatty, Poway Unified School District
- Dennis McBride, Redwood City School District
- Carol Elliott, San Carlos School District
- Roy Grimes, Sacramento City Unified School District
- Susan Ellenberg, San Jose Unified School District
- Barbara Flores, San Bernardino City Unified School District
- Matt Haney, San Francisco Board of Education
- Emily Murase, San Francisco Board of Education
- Mark Sanchez, San Francisco Board of Education
- Maurice Goodman, San Mateo County Community College
- Maurice Goodman, San Mateo County Community College
- Jonathan Abboud, Santa Barbara Community College District
- Jane Barr, Santa Cruz County Office of Education
- Maria Leon-Vazquez, Santa Monica/Malibu Unified School District
- Gina Cuclis, Sonoma County Board of Education
- Bob Lawson, Vallejo City Unified School District
- Madeline Kronenberg, West Contra Costa Unified School District
- Norma Alcalá, Washington Unified School District
- Madeline Kronenberg, West Contra Costa Unified School District

PHILANTHROPY

- The San Francisco Foundation
- Silicon Valley Community Foundation
- The Chan-Zuckerberg Initiative
- East Bay Community Foundation
- Liberty Hill Foundation

LABOR

- American Federation of Teachers
- California Federation of Teachers
- United Teachers of Los Angeles
- SEIU 521
- Committee of Interns and Residents/SEIU Healthcare
- UFCW Local 770
- United Teachers of Richmond CTA/NEA
- Anaheim Secondary Teachers Association CTA/NEA
- Morgan Hill Federation of Teachers – AFT 2022
- Richmond Teachers Association
- San Jose Teachers Association CTA/NEA
- East Side Teachers Association CTA/NEA
- Evergreen Teachers Association CTA/NEA
- AFT Local 931
- AFT Local 1078
- United Educators of San Francisco
- Oakland Education Association
- Santa Ana Educators Association
- Fresno Teachers Association
- Hayward Education Association
- IBEW Local 569
- IFPTE Local 21
- Teamsters Local 572
- Communications Workers of American Local 9423
- Warehouse Worker Resource Center
- San Diego Building Trades Council
- Unite HERE Local 11
- Unite HERE Local 2850
- The Federation of Retired Union Members (FORUM)

FAITH

- PICO California
- Bend the Arc, A Jewish Partnership for Justice
- Congregations Organized for Prophetic Engagement (COPE)
- Inland Congregations United for Change (ICUC)
- People Acting in Community Together (PACT)
- Faith in Action Bay Area
- Faith in the Valley
- San Diego Organizing Project
- Orange County Congregation Community Organization
- Greater Long Beach Interfaith Community Organization
- LA Voice
- Oakland Community Organizations
- Sacramento Area Congregations Together
- Placer People of Faith
- True North
- California Church IMPACT
- New Life Christian Church of Fontana
- Life Center Church
- New Hope Missionary Baptist Church
- First Congregational Church of Palo Alto, UCC
- Rev. Dr. Eileen Altman, Associate Pastor, First Congregational Church of Palo Alto, UCC*
- Rev. Damita Davis-Howard, Assistant Pastor, First Mt. Sinai Missionary Baptist*
- Pastor Albert Hong, Associate Pastor, New Hope Covenant Church*

AUGUST 2018 ENDORSERS

HEALTH

- California Physicians Alliance
- Human Impact Partners
- Prevention Institute
- Public Health Institute
- Public Health Justice Collective
- Center for Climate Change and Health
- Berkeley Media Studies Group
- Black Women for Wellness
- Charles Bean, Executive Director, California IHSS Consumer Alliance
- Asian Health Services

SENIORS

- California Alliance for Retired Americans (CARA)
- Long Beach Gray Panthers

POLITICAL

- League of Women Voters of California
- Indivisible CA: StateStrong
- Indivisible East
- Inland Empowerment
- Asian Americans and Pacific Islanders for Civic Empowerment
- Orange County Civic Engagement Table
- San Bernardino County Young Democrats
- Mi Familia Vota
- Wellstone Democratic Renewal Club

SOCIAL JUSTICE

- ACLU of Southern California
- A New Way of Life
- Alliance of Californians for Community Empowerment (ACCE)
- Alliance San Diego
- Advancement Project California
- API Forward Movement
- Asian Americans Advancing Justice Los Angeles
- BLU Educational Foundation
- Building Blocks for Kids Richmond Collaborative
- California Calls
- California Immigrant Policy Center
- Californians for Justice
- California Partnership
- Causa Justa/Just Cause (CJJC)
- Central Coast Alliance United for a Sustainable Economy (CAUSE)
- Chinese Progressive Association (CPA)
- Coalition for Humane Immigrant Rights (CHIRLA)
- Coleman Advocates
- Community Coalition
- Communities for a New California (CNC)
- Communities in Schools of Los Angeles
- Courage Campaign
- Dolores Huerta Foundation
- East Bay Alliance for a Sustainable Economy (EBASE)
- East Bay Asian Youth Center
- East Bay for Everyone
- Evolve California
- Fathers & Families of San Joaquin
- Filipino Community Center
- Hmong Innovating Politics
- Khmer Girls in Action
- Inner City Struggle
- Knotts Family Agency
- Ladies of The I.E.

- Latino Equality Alliance
- Latinos United for a New America (LUNA)
- Los Angeles Alliance for a New Economy (LAANE)
- Los Angeles Community Action Network (LA CAN)
- Long Beach Residents Empowered
- Mid-City CAN
- Movement Strategy Center
- Mujeres Unidas y Activas
- Oakland Rising
- Partnership for the Advancement of New Americans (PANA)
- Pillars of the Community
- Progressive Asian Network for Action
- Promesa Boyle Heights
- Parent Voices Oakland
- People Organizing to Demand Environmental and Economic Rights (PODER)
- Policy Link
- Power California
- Public Advocates
- Restore INK
- Safe Return Project
- San Francisco Day Labor Program/La Colectiva de Mujeres
- San Francisco Rising
- The Santa Clara County Wage Theft Coalition
- Silicon Valley Rising
- SOMOS Mayfair
- South of Market Community Action Network (SOMCAN)
- Strategic Action for a Just Economy (SAJE)
- Strategic Concepts in Organizing and Policy Education (SCOPE)
- Tech Equity Collaborative
- Time for Change
- Working Partnerships, USA

ENVIRONMENT

- Asian Pacific Environmental Network (APEN)
- California Environmental Justice Alliance Action
- Center for Climate Change and Health
- Climate Resolve
- T.R.U.S.T. South LA
- T.R.E.E LINK
- The Utility Reform Network

HOUSING

- Burbank Housing
- California Coalition for Rural Housing
- California Housing Partnership
- Community Economics
- Community Housing Improvement Program (CHIP)
- East Bay Asian Local Development Corporation
- East Bay Housing Organizations
- East Los Angeles Community Corporation
- Housing California
- Little Tokyo Service Center
- Non-Profit Housing Association of Northern California (NPH)
- Rural Community Development Corporation of California (RCDCC)
- Sacramento Housing Alliance
- San Francisco Council of Community Housing Organizations
- Southern California Association of Nonprofit Housing (SCANPH)
- William Pickel, Executive Director, Brilliant Corners

EDUCATION

- Parent Teachers Association (PTA) of California
- Common Sense Kids Action
- Grassroots Education Movement Silicon Valley
- Environmental Charter Schools
- Sheri Hom-Bunk, Executive Director, Taft College Foundation
- Martha Matsuoka, Associate Professor Urban & Environmental Policy Institute Occidental College
- Eric Mar, Assistant Professor, Asian American Studies, San Francisco State University
- Charles Flower, Professor San Jose State University, Overfelt High School
- Sue Tatro, Teacher Calero High School
- Leslie Anne Conrotto-Tompkins, English Teacher, Yerba Buena High School
- Elizandro Umana, Student Services Assistant, East LA Community College
- Will Greer, Professor California State University, San Bernardino
- Mojgan Vijeh, CFO, Ann Martin Center
- Barbara Hansen, Retired Educator
- Eileen Barrett, Professor, California State University, East Bay

SMALL BUSINESS

- Klein and Roth Consulting
- Selma Dream
- Charlie's Trees and Crafts
- Petaluma Pie Company
- Long Beach School of Music
- Ali Akbar College of Music
- The Linwood Project
- The Pink Gypsy Bellydance
- Domestic Divas and Dudes
- Kadaya Photography
- Law Office of Joel Freid
- Jost Legal
- Landed, Inc.

OTHER

- California Association of Nonprofits
- Sandra Fluke, Public Interest Attorney

THE CALIFORNIA SCHOOLS AND LOCAL COMMUNITIES FUNDING ACT

How to Raise Billions for Schools and Services by Reforming the Commercial Property Tax System

Policy Brief

Summary

The California Schools and Local Communities Funding Act proposes a constitutional amendment to put before voters an improvement to the 1978 law, Proposition 13. It will:

- ▶ Raise \$11 billion for schools and local government by closing the huge loophole in Proposition 13 which benefits corporations and wealthy investors.
- ▶ Direct at least \$4.5 billion for schools toward high-needs students, improving our educational system everywhere in the state.
- ▶ Provide cities with substantially increased revenue to spend on their own needs, including public safety, parks and libraries, roads, infrastructure, and business improvements.
- ▶ Help counties to provide improved health and human services, emergency response services, roads and infrastructure, and have a stable source of their own revenue, controlled locally.
- ▶ Improve land use greatly, including increased housing, transit, and a better environment that will help address climate change.
- ▶ Maintain all Prop 13 protections for homeowners, residential rental properties and agricultural land, while requiring the reassessment of commercial and industrial properties to current market value for property tax purposes.

I. The Problem

The system for assessment of commercial and industrial property is loophole-ridden, harmful to sound land use, housing, and new investment, and negatively impacts revenue for cities, counties, and schools. Not even the largest beneficiaries of the system—wealthy property owners and large corporations—can provide a rationale for its continuation.

A. Failed Fiscal Policy

Even with massive economic growth and a proliferation of new local taxes, tax revenue per capita for cities and counties has fallen from \$790 per person to \$640 since 1978, according to the Legislative Analyst's Office (LAO), generating fiscal stress on most local governments in the state. The property tax has shifted away from commercial/industrial to residential in virtually every county. Our infrastructure investment has declined because local governments cannot generate the revenue needed from the growth in land values, while fees and other taxes have gone up on ordinary citizens.

Public schools continue to struggle and still lag behind much of the nation despite new state revenue streams since 2012. Over the past 40 years, California has disinvested from public education, sliding from one of the top states to one that now ranks near the bottom. In 1978 when Proposition 13 passed, California ranked 14th out of 50 states in per student spending nationally. Yet by 2015-16, California ranked in 41st position among all states in per student spending for K-12 education relative to the cost of living in California.

B. Loophole-Ridden System

Property tax assessment under Proposition 13 is based on a "change of ownership", which locks in assessment at the purchase price (plus 2% per year), and limits the tax rate for all properties to 1%. Intended to help

homeowners, change of ownership is easily avoided by corporations and wealthy investors because of the complex ways commercial and industrial property is legally held, and cannot be reformed without maintaining loopholes and inequities. For publicly-traded corporations whose stock turns over regularly, change of ownership fails to trigger reassessment, unless those companies are fully bought out. For example, Chevron, Intel and IBM own land still assessed at 1975 values while nearby land is assessed at 50 times the value or more. For investor-owned property, complex ownership patterns using real estate investment trusts, LLCs, land leases, trusts and partnerships allow wealthy investors to avoid reassessment in many ways, on everything from industrial parks, offices, shopping centers and hotels to parking lots and mini-malls. Many of these investors are out of state or foreign.

C. Unfair to New Investment

The current system taxes new investment heavily while failing to tax windfalls, the opposite of good economics. It holds land off the market, inflating land prices, which is bad for housing affordability and new investment. It is anti-competitive, as new businesses have to pay higher property taxes than their competitors, even though they are charging the same prices for their rents, products and/or services. Newer investors pay taxes on inflated market values and substantial fees and mitigations, while older commercial property owners who benefit from infrastructure growth and rising markets continue to pay on the old, outdated property values.

D. Works Against “Smart Growth” Land Use

The system has negative impacts on land use and the environment. The LAO and academic research shows that the system promotes keeping urban land vacant. It increases speculation and sprawl, the opposite of “Smart Growth”. It drives up land prices that make

housing less affordable. Important approaches to climate change and livability—increased density and transit—are discouraged by the current failure to tax commercial land appropriately.

II. The Policy Solution

This policy proposal will require a constitutional amendment to be approved by California voters in order to reform the system for assessment of commercial and industrial property.

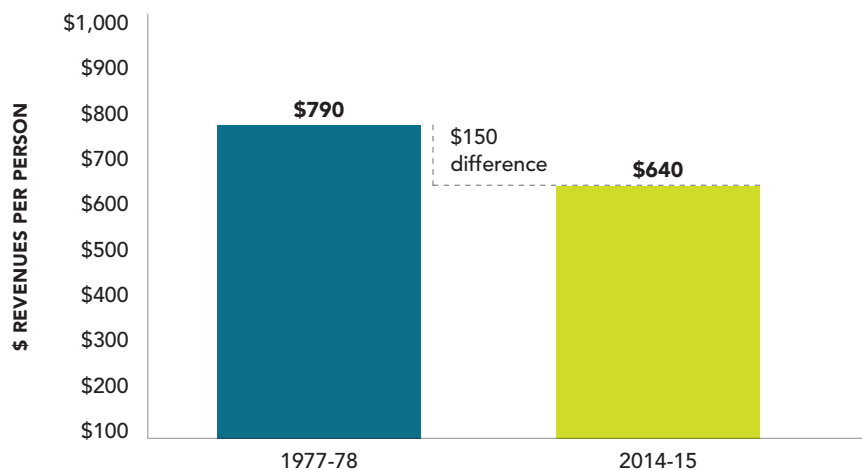
A. Reassessment

The core component of this proposal is the reassessment of commercial and industrial property to market value on a periodic basis, as occurs nearly everywhere else in the country. The current constitutionally mandated rate of 1% would remain unchanged.

B. Protecting Residential and Agricultural Property

Periodic reassessment will only affect commercial and industrial property, NOT residential and agricultural property. The measure creates a “bright line” to make sure that no residential property will be impacted, using zoning and land use to protect residential and agriculture property from reassessment. No residential properties will be reassessed, whether rental residential (apartments and rental homes), homeowner or condominium owner, or mobile home. To the extent that there is any ambiguity (e.g. residential hotels, nursing homes), the legislature is required to make certain by statute that no residential property will ever be affected. Mixed-use property is to be assessed based on proportion of commercial to residential footage. Open space and natural and scenic land values are explicitly protected.

Decline in Cities/Counties Per Person Revenues, 1977 to 2014



Legislative Analyst’s Office. September 2016. *Common Claims about Proposition 13*. <http://lao.ca.gov/reports/2016/3497/common-claims-prop13-091916.pdf>.

C. Phasing In the New System

Since the system has not been changed in 40 years, a transition period will be necessary. The measure requires the legislature to provide for a “start-up” period, not less than two years, plus one year of lead time, to ensure a reasonable workload and implementation period for assessors. It requires that the legislature work with assessors and taxpayers to provide a workable transition, and then requires on-going assessment on a periodic basis, but no more than every three years, after initial reassessment is completed. There are many ways for the assessors to approach this work. For example, assessing the oldest properties and the largest properties first would generate substantial revenue while allowing smaller properties to be phased-in over a longer period.

D. Small Business Protections

1. *Business Personal Property Tax Relief:* The measure provides relief from the business personal property tax, eliminating it for all small businesses under 50 employees and providing an exemption of the first \$500,000 for all other businesses. This exemption helps the vast majority of businesses that lease but do not own their property. It will take over 90% of businesses off the business personal property tax rolls, and provides relief from a nuisance tax as well as financial relief to small businesses.

2. *Small Owner-Operators:* A very small number of smaller businesses own their properties and also run their businesses on it, most often in rural areas (e.g. motels, independent gas stations). Those businesses,

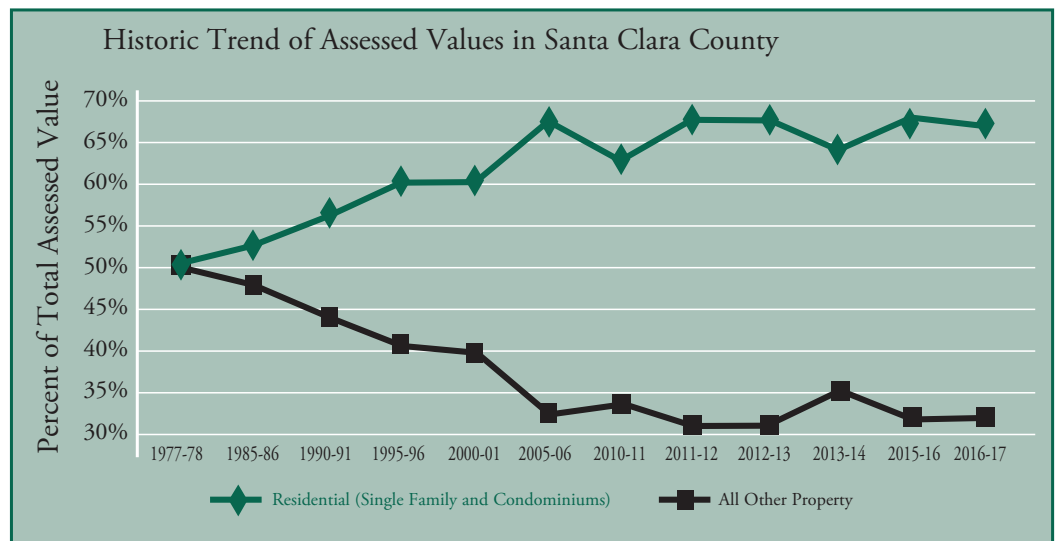
with property value under \$2 million, will be exempt from reassessment until they sell or no longer run their businesses on their property.

E. Revenue Allocation

1. *Local Government Share of Revenue:* The proposal calls for revenue in each county to be allocated based on the current proportions of the property tax which go to the cities, counties, schools, and special districts. Except for the schools, the local jurisdictions in each county will receive the new revenue based on the share of the local property tax they currently receive. The measure leaves property tax allocation unchanged, because a combination of Proposition 13, (which puts property tax allocation in the hands of the legislature), and a subsequent constitutional measure (Prop 1A) control allocation.

2. *School Share of Revenue:* Because of the potentially great fiscal differences among school districts in richer vs. poorer areas, the school revenue generated in each county from the share of the property tax in each school district will be pooled statewide and protected for use solely by K-14 education. This incremental revenue will be over and above Prop. 98 formulas, so will not lower any state support for schools. To further address equity, it will be distributed based on the current Local Control Funding Formula or any successor formula provided by statute. It makes sure that all districts, including basic aid districts, will receive revenue for students in need, consistent with the Local Control Funding Formula.

Property Tax Shift in 55 of 58 Counties



Office of the County Assessor. September 2016. 2016-2017 Assessor's Annual Report. https://www.sccassessor.org/edocman/AnnualReport2016_2017.pdf

F. Revenue Reimbursements

The state General Fund will be reimbursed against any losses resulting from an increase in commercial property tax deductions caused by reassessment, with the Franchise Tax Board to provide an estimate yearly. And assessors will be reimbursed from the new revenue for any increased costs of implementation. Revenue will be allocated to the newly-created school fund and to local districts after these reimbursements, which are a very small percentage of total revenue.

G. Accountability to Taxpayers

All school districts and local governments receiving revenue from the measure will be required to prepare reports to provide accountability to taxpayers for the use of the incremental revenue from collections. The legislature shall develop a consistent method to calculate the incremental revenues received.

III. Impacts

A. Projected Revenue

1. *Statewide Revenue:* Statewide revenue from reassessment is estimated at \$11.4 billion annually, or between \$10.8 and \$12 billion statewide if it were to be fully implemented in 2019-2020. This is higher than the previously estimated \$8-10 billion and is based on over 10 years of complete statewide commercial property data sets running from 2004-2016. This amount will grow with economic growth. The reform will generate \$3.6 billion in Los Angeles County, \$1 billion each in Santa Clara and Orange Counties, and produce substantial increases for all counties.

2. *Schools:* Schools will see over \$4.5 billion in increased revenue yearly. This translates into between \$15,000-\$20,000 per classroom when fully implemented. Every school district will receive increased revenue for students in need based on the Local Control Funding Formula applied statewide. All revenue will be in addition to and on top of current revenue guaranteed by Proposition 98.

Estimated Revenue Gains by County 2019-2020

| COUNTY | ESTIMATED RANGE | MID-ESTIMATE | COUNTY | ESTIMATED RANGE | MID-ESTIMATE |
|--------------|-------------------|--------------|-----------------|----------------------------|-----------------|
| ALAMEDA | 523.9 - 583.9 | 553.4 | PLACER | 58.3 - 66.5 | 62.4 |
| ALPINE | .2 - .2 | 0.2 | PLUMAS | 3.8 - 4.3 | 4.1 |
| AMADOR | 2.4 - 2.9 | 2.7 | RIVERSIDE | 314.6 - 356.7 | 335.3 |
| BUTTE | 15.0 - 17.5 | 16.3 | SACRAMENTO | 134.2 - 155.5 | 144.7 |
| CALAVERAS | 2.3 - 2.7 | 2.5 | SAN BENITO | 5.8 - 6.5 | 6.2 |
| COLUSA | 4.0 - 4.4 | 4.2 | SAN BERNARDINO | 387.5 - 438.2 | 412.4 |
| CONTRA COSTA | 329.5 - 366.7 | 347.8 | SAN DIEGO | 800.1 - 898.4 | 848.4 |
| DEL NORTE | 1.4 - 1.6 | 1.5 | SAN FRANCISCO | 795.4 - 877.7 | 835.9 |
| EL DORADO | 16.1 - 18.4 | 17.2 | SAN JOAQUIN | 84.0 - 96.1 | 90.0 |
| FRESNO | 106.7 - 120.4 | 113.4 | SAN LUIS OBISPO | 54.8 - 61.8 | 58.2 |
| GLENN | 3.2 - 3.5 | 3.3 | SAN MATEO | 559.5 - 615.7 | 587.2 |
| HUMBOLDT | 20.8 - 23.2 | 22.0 | SANTA BARBARA | 122.7 - 137.4 | 129.9 |
| IMPERIAL | 14.4 - 16.3 | 15.3 | SANTA CLARA | 1,011.4 - 1,121.3 | 1,065.5 |
| INYO | 6.8 - 7.9 | 7.3 | SANTA CRUZ | 43.5 - 48.7 | 46.1 |
| KERN | 105.4 - 119.1 | 112.1 | SHASTA | 18.6 - 21.3 | 19.9 |
| KINGS | 15.6 - 17.6 | 16.6 | SIERRA | .1 - .1 | 0.1 |
| LAKE | 1.7 - 2.1 | 1.9 | SISKIYOU | 4.5 - 5.2 | 4.9 |
| LASSEN | 1.3 - 1.5 | 1.4 | SOLANO | 57.6 - 66.2 | 61.8 |
| LOS ANGELES | 3,443.8 - 3,826.9 | 3,632.2 | SONOMA | 109.0 - 122.0 | 115.4 |
| MADERA | 10.4 - 12.1 | 11.2 | STANISLAUS | 43.6 - 50.2 | 46.8 |
| MARIN | 67.1 - 75.1 | 71.0 | SUTTER | 13.3 - 15.0 | 14.1 |
| MARIPOSA | 1.9 - 2.2 | 2.1 | TEHAMA | 6.3 - 7.0 | 6.6 |
| MENDOCINO | 25.8 - 29.0 | 27.4 | TRINITY | 1.4 - 1.6 | 1.5 |
| MERCED | 29.5 - 33.2 | 31.4 | TULARE | 30.1 - 35.2 | 32.6 |
| MODOC | .3 - .4 | 0.4 | TUOLUMNE | 5.6 - 6.4 | 6.0 |
| MONO | 2.0 - 2.5 | 2.2 | VENTURA | 163.0 - 183.2 | 172.9 |
| MONTEREY | 61.9 - 70.6 | 66.2 | YOLO | 25.2 - 29.2 | 27.1 |
| NAPA | 62.9 - 70.7 | 66.7 | YUBA | 7.1 - 7.9 | 7.5 |
| NEVADA | 15.8 - 17.8 | 16.8 | Total | 10,778.8 - 12,031.3 | 11,394.7 |

Program for Environmental and Regional Equity, University of Southern California Dornsife. May 2015. *Getting Real About Reform: Estimating Revenue Gains from Changes to California's System of Assessing Commercial Real Estate.* <http://dornsife.usc.edu/pere/getting-real-about-reform/>. Revenue estimates updated in June 2017.

3. *Local Government:* Cities, counties, and special districts will receive over \$6 billion in increased revenues. Like all property taxes, revenues will be spent at local government discretion, for parks, libraries, public safety, capital outlay, health and social services, etc.

B. Who Pays?

1. *Highest-Value Properties Pay the Most:* The highest-value properties provide most of the revenue. 77% of the revenue comes from a small share of properties—that is, from properties estimated worth over \$5 million, or 8% of commercial and industrial properties. These are mostly corporate-owned and wealthy investor-owned and have the lowest current assessment compared to market value. In contrast, nearly 75% of properties are worth under \$1 million and generate only 5% of the total revenue.

2. *Many Properties See Little Change:* Many properties will see little or no impact. 46% of all commercial/industrial properties are within 30% of market value, with many of those close to or at market, and will pay little or no additional taxes as the measure phases in.

3. *Oldest Properties Pay:* Over 56% of the revenue comes from properties which were last reassessed before 2000. These include large corporate and investor-owned properties, many of which have not been reassessed since the 1970s and 1980s.

4. *Most Value in Land, Not Buildings:* Sixty percent of the revenue comes from the reassessment of land as compared to buildings and improvements. Buildings

which are improved are currently reassessed while land may still be held at very old values. The differences in building values are nowhere near the disparities in land values, which can be as high as 100 to 1 in places where values have grown rapidly, such as Silicon Valley, San Francisco, and west Los Angeles.

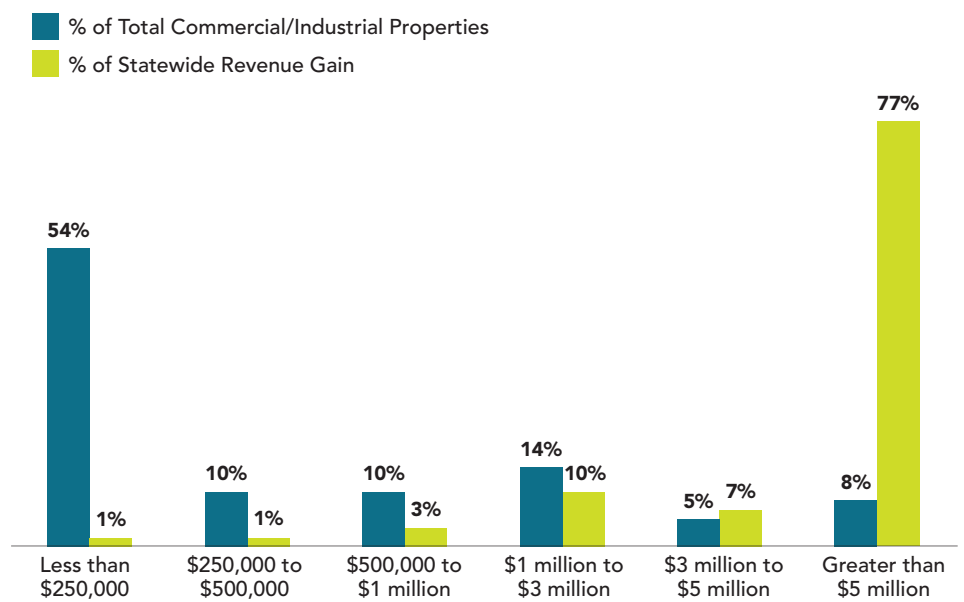
5. *Out of State Investors:* Substantial amounts of the new tax revenue will be paid by out-of-state and foreign investors and the very wealthy. Large properties are often owned by Real Estate Investment Trusts and are publicly-traded on national and international exchanges, and foreign investors have seen California commercial property as a safe long-term investment. Corporate shareholders are widely distributed nationally and internationally and would pay much of the property tax. Owners of commercial property are far wealthier than most citizens, generally within the top 1% of earners.

C. Broader Benefits and Impacts

1. *Relief from Fees and Local Tax Pressures:* Increasing revenue from commercial property taxes eliminates pressures for additional local taxes and fees, which have grown considerably as a portion of local government expenses. Over time, citizens and businesses have borne many of these new taxes and fees because large property owners have paid so little.

2. *Infrastructure Benefits:* Because rising land values will be captured, the ability to finance infrastructure is greatly improved, particularly for transit, where new investments can recover costs from rising land values.

Share of Total Number of Commercial/Industrial Properties and Share of Statewide Revenue Gain by Estimated Market Value, 2019



Source: USC PERE analysis of disparity ratios of commercial and industrial properties based on CoreLogic assessor roll data for 2016.

3. *“Smart Growth” Benefits:* Development which concentrates urban land use instead of promoting suburban sprawl and big-box retail will increase as underutilized, in-fill properties with high value but low assessments will be brought onto the market. Smart growth is a necessary part of combating climate change.

4. *Regulatory Climate Will Improve for Business:* The regulatory burden of fees and exactions put on new economic development will diminish, as cities have stronger fiscal incentives for new development and will be able to finance the costs of economic growth.

5. *Affordable Housing:* Low-density commercial strips will be available for higher-density housing. Local revenues from reassessment will enable cities to meet their local affordable housing obligations and address their homeless problems. The heavy fee burden on new housing development is likely to diminish. And the land use benefits will improve affordability for all types of housing.

6. *Small Business Benefits:* Every small business will benefit from the elimination of the business personal property tax. Opponents of reform cite the pressures on small business who have leases which would require pass-through of property taxes as rent increases. The fact is that commercial rents are at market and will not increase as a result of reassessment. Since many properties will face little or no increases, many businesses will have net benefits due to the elimination of the business personal property tax. A phase-in period allows small business the ability to adjust, including in their leases.



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