

## THE REPUBLICAN DECEPTION REGARDING THE SCHOOLS AND LOCAL COMMUNITIES FUNDING ACT

Over the last several weeks, there has been a blatantly false attempt by Conservatives in California to distort the intent of an initiative amending the California Constitution, which will appear on the November General Election Ballot. These falsehoods have especially been rampant on social media platforms. Its headline reads something like this: "Attorney General Xavier Becerra wants to abolish Proposition 13." This is FALSE INFORMATION. The initiative's short title is the Schools and Local Communities Funding Act. The main organization promoting the initiative is called Schools and Communities First, which is a coalition of education and social justice organizations, individuals, and prominent elected officials and candidates. For short, the November ballot initiative, which has not yet been assigned a number on the ballot, is commonly referred to as the Schools and Communities First Initiative. Its purpose is to close a loophole in California's 1978 Proposition 13, which was designed to tax both commercial property and residential property based on purchase price. The Schools and Communities First Initiative would create a 'split roll,' so that commercial property would be assessed for taxes based on market value, rather than sale price. The reason: Billions of dollars of potential tax revenue could be collected from large commercial property owners. Commercial property in California changes ownership much less frequently than residential property does, keeping those assessments very low. Commercial agricultural property would be exempt, and there would be NO changes to the way Prop 13 assess residential property for taxes: Residential property would continue to be assessed at 1% of the sales price.

### What's the fuss about "Proposition 13?"

In order for anyone reading this to have even a whiff of familiarity with California's Proposition 13 on the June, 1978 ballot, you had to have been born prior to, or in, the year 1960, which would have enabled you to be a registered voter in California in the early months of 1978. This means: If you are under the age of 60, you should read this background. Two California commercial property owners, Howard Jarvis and Paul Gann, proposed an initiative amendment to the California Constitution, which got the number '13' on the 1978 ballot. It was officially called the Tax Limitations Initiative, and was designed, according to Ballotpedia, to: 1) require that properties be taxed at no more than 1 percent of their full cash value shown on the 1975-1976 assessment rolls, and limit annual increases of assessed (taxable) value to the inflation rate or 2 percent, whichever was less; 2) upon the transfer of properties, allow them to be reassessed at one percent of their sale price and reset the limit on annual increases of assessed value; 3) prohibit the state legislature from enacting new taxes on the value or sale of properties; 4) require a two-thirds vote of the state legislature to increase non-property taxes; 5) require local governments to refer special taxes to the ballot, and require a two-thirds vote of electors; 6) make the state government responsible for distributing property tax revenue among local governments. Proposition 13 passed overwhelmingly, with the approval of 65% of the voters. Howard Jarvis' picture was on the cover of Time Magazine the following week, with the caption, "Tax Revolt." Its provisions made it extremely difficult for school districts to pass bond measures, due to the supermajority requirement, and it had an immediate impact by reducing revenue for local government. Since then, amendments have made a few sensible changes, like allowing people over 55 to carry their current property

assessment from their current home, to a new home in a different county; and, to allow people to pass property to their heirs, without triggering a higher assessment. The big change was the passage of Proposition 39 in 2000, which reduced the supermajority for local school bond election approval to 55%. However, the 'third rail' of the original Prop 13 remains the continued assessment of commercial property, which changes hands *much less frequently* – especially properties owned by large corporations – the same way that residential property is assessed. The Schools and Communities First Initiative would produce a split roll, so that commercial property, as explained above, would be assessed based on market value, instead. A simple majority of the voters is required to pass this initiative.

### Revenue from the Schools and Communities First Initiative

The ballot initiative would provide the following tax exemptions for industrial and commercial properties: 1) the first \$500,000 of a business's personal property; or, 2) 100 percent of a business's personal property, when the business has 50 or fewer full-time employees. The ballot initiative would also continue to tax properties of businesses whose holdings in the state are valued at less than \$2 million (adjusted for inflation beginning in 2023), based on their purchase price, rather than market value.

The ballot initiative would create a process in the state constitution for distributing revenue from the revised tax on commercial and industrial properties. The ballot initiative would distribute the revenue to specific areas, rather than the General Fund. First, the revenue would be distributed to 1) the state to supplement decreases in revenue from the state's personal income tax and corporation tax due to increased tax deductions; and, 2) counties to cover the costs of implementing the measure. Second, 60 percent of the remaining \$6.0 billion to \$10.0 billion would be distributed to local governments and special districts, and 40 percent would be distributed to school districts and community colleges, via a new Local School and Community College Property Tax Fund.

The Schools and Communities First coalition, composed of dozens of grassroots groups around the state, assert that the measure could provide as much as \$12 billion annually for schools and community colleges in California. Proponents assert this is an opportunity to make up for decades of disinvestment in California's public education system. The Schools and Communities First Initiative has broad support up and down the state from state and federal legislators, Presidential candidates, school board members, philanthropies, and social justice organizations – one of the most prominent ones is the League of Women Voters of California. Notable local organizations and officials supporting the initiative include the Dolores Huerta Foundation, the Fresno Teachers Association, Faith in the Valley, and Kingsburg City Councilwoman Jewel Hurtado.

The Schools and Communities First Initiative on the November ballot will not abolish Proposition 13, as deceptive detractors claim. (The November initiative is not to be confused with a March ballot bond measure, which is called Proposition 13, which is a \$15 billion bond measure for California schools and colleges.)

For more information: [www.schoolsandcommunitiesfirst.org](http://www.schoolsandcommunitiesfirst.org)

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