

Just prior to the end of 2017 The California League of Women Voters and California Calls – longtime advocates of a split-roll property tax system filed an initiative that would increase property taxes on commercial property owners. According to the proponents, the initiative, which will appear on November ballot if supporters collect the requisite number of signatures, would increase commercial and industrial property taxes by \$11.4 billion annually.

The proposed Initiative adds a new section to the California Constitution that would, beginning with the 2020-21 budget year, require commercial and industrial property to be assessed at full market value and then reassessed every three years thereafter. Reassessment of properties would be phased in, in a manner to be provided for by the Legislature.

The initiative also specifies that the new reassessment requirement for commercial and industrial properties would not be applied to a taxpayer if total value of all of the taxpayer's property throughout the state is less than \$2 million.

The initiative also creates a new tangible personal property tax exemption of \$500,000 per taxpayer, for taxpayers with more than 50 employees. Taxpayers with 50 or fewer employees would not be subject to tangible personal property taxes.

Revenue derived from the initiative would be exempt from the Gann Spending Limit, and earmarked to a new special fund to finance K-12 schools and community colleges.

In an email to their supporters, one of the activist groups, California Calls, wrote: "Your loyal support – along with the growing enthusiasm of grassroots activists, the rising tide of popular sentiment opposing the Trump Tax plan, and encouraging polling results – have given us the confidence that now is the time to move ahead with the most far-reaching, systemic tax reform proposal in decades. Indeed, next year will mark the 40th anniversary of the passage of Prop 13 which (as you know so well) launched the anti-tax revolt movement that has had serious consequences for California, and the nation as a whole."

Proposition 13, approved by voters in 1978, established an acquisition-value assessment system for the property tax, setting the property tax rate at a maximum of 1 percent, and limiting the amount a taxpayer's assessed value can increase to 2 percent annually.

Since passage of Proposition 13, opponents have sought to argue that business property receives an unfair benefit from the law. However according to the California Taxpayers Association, state data shows that at the time of Proposition 13's passage, business properties paid approximately 58 percent of the property tax, while today business properties pay approximately 62 percent of the property tax.

The filing comes months after activists began rallying their supports to undo Proposition 13 protections. Meeting in town halls throughout the state, activists attacked corporations, demanding that "corporate tax loopholes" be closed, and called on supporters to be "the state of resistance" to President Donald Trump.

California Calls wrote: "We know our opposition will be fierce, but we have been working since 2009 to construct large-scale voter engagement programs that have delivered the margin of victory for Proposition 30 in 2012, and Proposition 55 in 2016, by reaching new, young, immigrant voters in California's low-income, Latino and African American neighborhoods across the state. And, unlike conventional political campaigns, our voter engagement work has been steady and ongoing – building relationships with voters through community organizations that are around for the long-haul, not just one election cycle."

These taxes are not on commercial properties but on all Californians as the new taxes are passed from landlord to business to consumer – higher costs for services, food and goods.