



## **Attempts to Change Proposition 13 are Misguided**

By George Runner

There's been no shortage of attempts in recent years in the State Legislature to overhaul Proposition 13—California's landmark initiative protecting homeowners and small business owners from out of control property taxes.

Multiple bills have taken aim at the proposition, but the most popular among these bills pushes the so-called "split roll" property tax, which would eliminate Prop. 13 protections for job creators but leave them in place for homeowners. This split roll idea is especially favored by lawmakers who are eager to bring more money into state coffers.

Given that California has the highest poverty rate in the nation, it seems a bit out of touch, if not downright greedy, for lawmakers to focus on funding government instead of making sure there are economic opportunities for everyone.

A recent study from Pepperdine University shows that split roll would increase property taxes on businesses by an estimated \$6 billion. But the same study also shows that split roll could trigger the loss of nearly 400,000 jobs and cost California's economy a total of \$71.8 billion in output within the first five years.

That \$71.8 billion loss would cause some serious harm to our fragile economy. Companies seeking to grow and add new jobs need a stable tax base. Why re-impose such financial instability at such a volatile time for our state?

Supporters of split roll often point to the "lost revenue" they claim has been caused by Prop. 13. That's a misleading argument. Yes, property taxes are a major source of state revenue, but Prop. 13 opponents won't tell you that even with taxpayer protections, actual property tax revenue has grown steadily since voters approved Prop. 13 in 1978.

For the fiscal year of 2014-2015 property taxes accounted for \$52 billion in revenue. That's up from \$34.2 billion for the fiscal year of 2004-2005. Prop. 13 is not starving government.

Opponents of Prop. 13 put too much focus on large corporations that maintain property in California. They say these corporations unduly benefit from Prop. 13's protections. However, the simple truth of the matter is that if split roll were to pass, it's the smaller businesses in your community that would be hit the hardest.

And despite public opinion polls that suggest there's a willingness to tweak Prop.13, a recent PPIC poll shows support has dwindled for making changes to the law. Today, 50% percent of likely voters say they favor split roll taxes, while 44% say they oppose. That's down from 60% of likely voters in 2012.

Let's not forget the reason why Prop. 13 passed in the first place: In the 1970's county governments up and down the state routinely raised property tax rates, in many cases forcing families, especially those on fixed incomes, out of their homes. Left with no other alternative, Californians overwhelmingly passed Prop 13.

There is a valid point to be made for closing a loophole related to Proposition 13. Today, a few bad actors purposefully manipulate the change of ownership paperwork when buying and selling properties in order to escape property tax reassessments. I'm open to closing that loophole, and so is the Howard Jarvis Taxpayers Association.

But there's no reason to gut Prop. 13's tax protections for homeowners and businesses alike, and usher in massive, job-killing property tax increases. It's clear that most Californians agree.

The business owners and homeowners I hear from every day want, and deserve, stability and certainty in our tax code. Given their contributions to California's economy, that's the least we can do.

*George Runner represents more than nine million Californians as a taxpayer advocate and elected member of the State Board of Equalization ([boe.ca.gov/Runner](http://boe.ca.gov/Runner)).*