

Fact Sheet

Background: Prop 13 Has Helped All Californians for More Than 40 Years

- For more than 40 years, Prop 13 has provided certainty to homeowners, renters, farmers and businesses that they will be able to afford their property tax bills in the future. Under Prop 13, property taxes for both residential and business properties are calculated based on 1% of their purchase price, and annual increases in property taxes are capped at 2% per year, which limits increases in property taxes, especially when property values rise quickly.

The Threat: Split-Roll Property Tax Measures Will Destroy Prop 13

- Special interests already qualified one measure for the November 2020 statewide ballot that would dismantle Prop 13's property tax protections and now they are gathering signatures to qualify a second version. Both measures would raise taxes on commercial and industrial property by requiring reassessment at current market value at least every three years. This type of property tax is known as a "split-roll tax" because it splits the property tax roll, assessing business property differently than residential property.
- We should reject the split-roll measures and maintain Prop 13 protections that have kept property taxes affordable and provided every taxpayer who buys a home or business property with certainty that they will be able to afford their property tax bills in the future.

Hurts Small Businesses and Consumers

- Most small businesses rent the property on which they operate, and property owners will simply pass on the higher taxes to tenants by raising their rent.
- The measures' higher taxes on businesses will ultimately get passed on to consumers in the form of increased prices on just about everything people buy and use, including groceries, fuel, utilities, day care and health care. California already has among the highest cost of living in the nation and a split-roll property tax will drive up the cost of living even higher.
- Even worse, many small businesses will be forced to close their doors or leave the state, and an estimated 120,000 jobs will be lost, hurting female-and-minority-owned businesses the most.

No Taxpayer Protections, Transparency or Accountability

- These measures have no accountability to taxpayers. Sacramento politicians can divert the new local government tax money for other purposes that benefit their donors and special interests, just like they did with the gas tax and the lottery.
- Don't be fooled. The split-roll measures are misleading. Supporters don't want you to know that about \$1 billion in administrative costs and payments to the state are paid out first and then whatever is left gets split with 60% going to unspecified local government services and lastly, only about 40% goes to schools with no guarantee that the money makes it to the classroom.

Homeowners Are Under Attack

- Both split-roll measures could reassess residential property that is also used for business purposes, meaning homeowners across California could see big increases in their property tax bills.
- If a split-roll property tax measure passes, the sponsors will come after Prop 13 protections on all homeowners next. This will make the housing crisis even worse by increasing the costs of owning and renting a home – it could even force people out of their homes, like what happened before the voters passed Prop 13 in 1978.