



Proposition 5 is Bad for Our Health

Nancy M. Gomez

Lead Organizer/Consumer Advocate

ngomez@health-access.org

October 18, 2011

Maternal and Child Health Access

www.health-access.org

**Midterm Elections are on
TUESDAY, NOVEMBER 6, 2018**



<http://noprop5.com/>



**STOP \$1 BILLION IN CUTS
TO SCHOOLS & SERVICES**

Prop 5 takes upwards of \$1 billion each year from schools and local services – from fire and emergency response to health care – to give new tax breaks to a select few Californians.

UNIVERSAL AND TELLTALE GAMES PRESENT

BACK TO THE FUTURE THE GAME



But First....Prop 13 Recap

Proposition 13 (officially named the **People's Initiative to Limit Property Taxation**) was an amendment of the [Constitution of California](#) enacted during 1978, by means of the [initiative](#) process. The initiative was approved by California voters on June 6, 1978.

The proposition decreased [property taxes](#) by assessing property values at their 1976 value and restricted annual increases of assessed value of real property to an inflation factor, not to exceed 2 percent per year. It also prohibited reassessment of a new base year value except for in cases of:

- (a) change in ownership, or
- (b) completion of new construction.

Proposition 13 also requires that all state tax increases be approved by two-thirds of the legislature and that special taxes levied by local governments be approved by two-thirds of voters. **Proposition 13** passed on June 6, 1978, with support from 65% of **California** voters.


A large contributor to Proposition 13 was the sentiment that older Californians should not be priced out of their homes through high taxes.[4] The proposition has been called the "third rail" (meaning "untouchable subject") of California politics, and it is not popular politically for lawmakers to attempt to change it.



The TAXPAYERS' REVOLT!


How Proposition 13 Transformed California

In 1965, California had one of the highest rates of per-student education spending in the nation. Today, it's one of the lowest.



And a nearly 40-year-old tax reform called Proposition 13 is part of the reason why.

The Taxpayer Revolt: Winners and Losers



9trulia

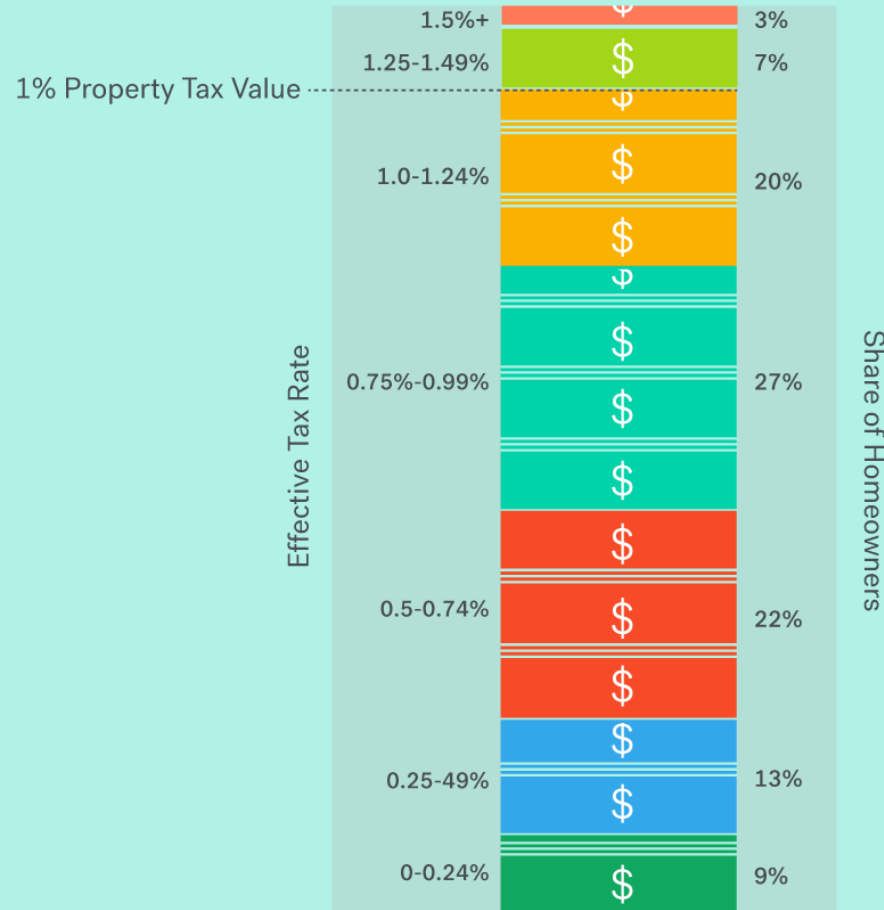
So Basically...

Prop 13 backdated assessed real estate values of properties in California, pushing them back to their level during 1975 and 1976. Then, it limits property tax rates to 1% of a property's assessed value.

Furthermore, Prop 13 limits how much a property's assessed value rises each year. It can rise only 2% or an amount equal to the state's inflation rate—whichever is less. Californians often disagree as to whether Prop 13 is a boon to the state or a curse, but under Prop 13 calculating property taxes is less difficult.

Prop 13's Impact

Most Californians Pay an Effective Tax Rate of Less Than 1%

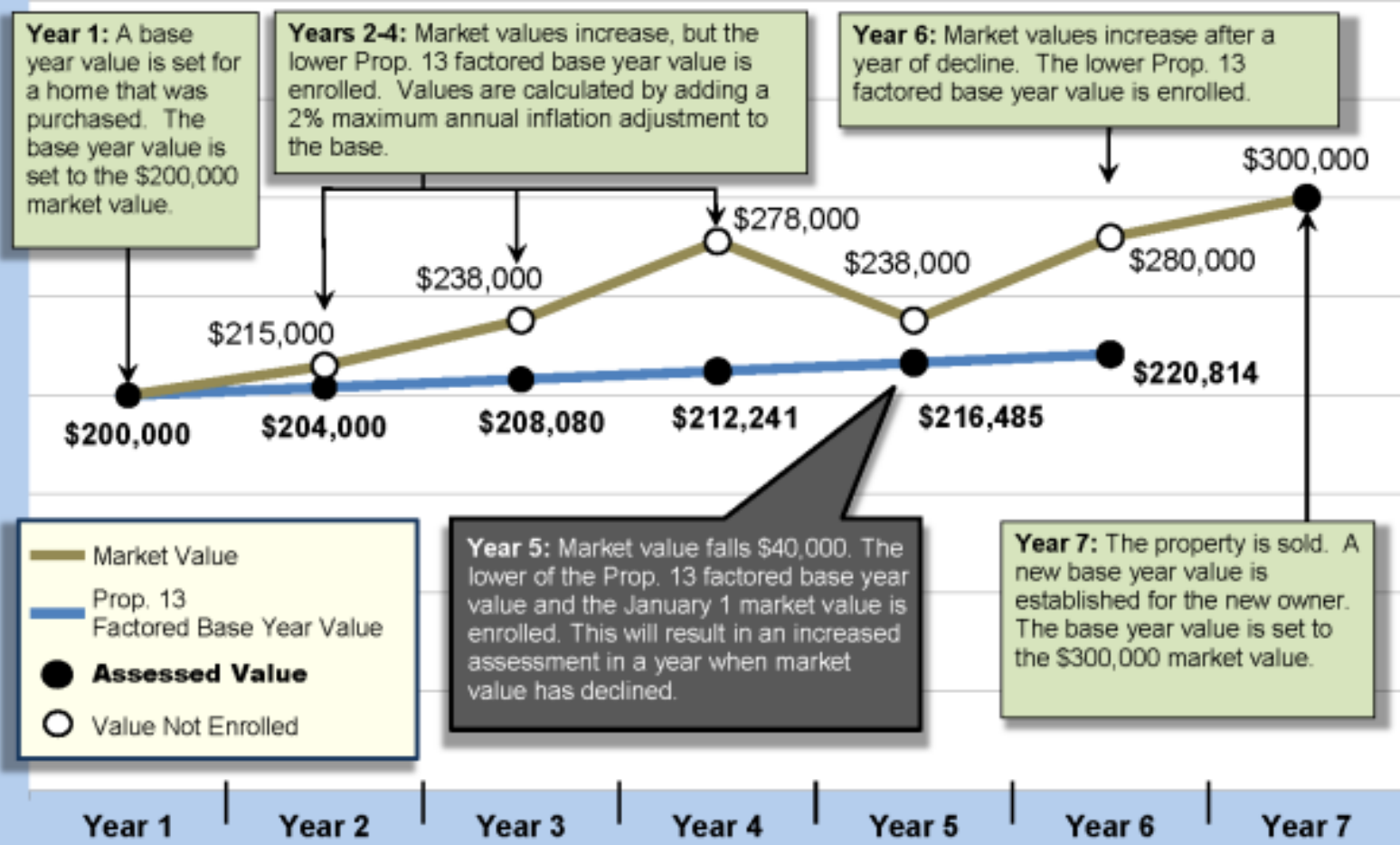


Property Tax Calculation

- Reach out to the County Assessor's Office and find out what the levy for property tax is in your California county. See [Property Tax Consultants' California Counties Page](#) for in-depth property tax information on all Southern California Counties.
- Dig for your mortgage documents and find the price of your home when you purchased it. The California State Board of Equalization states that an ownership change can lower or raise property tax. A new real estate property is taxed the fair market value at the time of purchase. But each year the assessed value of your home will only go up at the inflation rate or 2 percent (the lowest of the two). That's a Prop 13 perk.
- Finally, you must multiply the purchase price of your new home by the property tax rate of your California county. Say you purchased a new house at a fair market value of \$800,000 in Los Angeles county... $\$800,000 \times 0.01$ (1%). Your property tax for the year in Los Angeles County, for this simple example, is \$8,000.

How Properties are Assessed under Proposition 13

Proposition 13 was the ballot initiative approved by voters in 1978 that amended the California Constitution to place limits on property taxes. This amendment rolled back most real property (Real Estate) assessments to 1975 levels, limited the assessment rate increases to a maximum of 2% per year, and limited the property tax rate to 1% plus voter-approved bonds and indebtedness.





NO on Prop 5 PSA



<https://youtu.be/nyjKXl11111>
g

THE BASICS

Current Law	Prop 5
People over 55 or who are severely disabled can keep their lower property tax assessment when they move to another house with current or lesser value.	People over 55 or who are severely disabled can get a new tax break when they move to a more expensive house
Transfers can be in the same county or one of 10 counties that accept transfers	New tax break can be used anywhere in the state
Limited to one time	No limits
People who lose a home in a natural disaster keep their current property tax reassessment if the new home has comparable value	People who lose their home in a natural disaster keep their current property tax bill regardless of the value of the new home

HOW PROPOSITION 5 WOULD WORK

Consider this example: A couple purchased their home 30 years ago for \$110,000. The home can now be sold for \$600,000. However, the home's tax value is only about \$200,000 (\$110,000 increased by 2 percent each year for 30 years). Their yearly property tax bill is \$2,200 (1.1 percent of the taxable value).

The couple plans to sell their house and buy a new one. Here is the amount of their **first annual tax bill** in their new home, and the tax value (also known as assessed value) that would be used to calculate that bill:

	Current law or if Prop. 5 passes and couple is younger than 55	Current law if at least one spouse is 55 years old or more	If Prop. 5 passes and at least one spouse is 55 years old or more
Couple purchases less expensive home that costs \$450,000	<p>\$4,950</p> <p>Tax value: \$450,000 <i>(Tax value is set at purchase price of new home.)</i></p>	<p>\$2,200</p> <p>Tax value: \$200,000 <i>(Tax value would be the same as their old home.)</i></p>	<p>\$1,650</p> <p>Tax value: \$150,000 <i>(Tax value equals old home tax value multiplied by ratio of the new home price to the sale price of the old one.)</i></p>
Couple purchases more expensive home that costs \$700,000	<p>\$7,700</p> <p>Tax value: \$700,000 <i>(Tax value is set at purchase price of new home.)</i></p>	<p>\$7,700</p> <p>Tax value: \$700,000 <i>(Tax value is set at purchase price of new home.)</i></p>	<p>\$3,300</p> <p>Tax value: \$300,000 <i>(Tax value equals old home tax value plus difference between sale price of old home and purchase price of new one.)</i></p>

Current State Law

- Taxable value of a property is based on its purchase price, not current market value
- Special rules that allow some homeowners to buy a new house without paying higher property taxes:
 - 1) 55 years or older
 - 2) Severe disabilities
 - 3) Affected by a natural disaster
- These homeowners can transfer the taxable value of their existing property to a new property:
 - 1) When the market value of the new property is the same or less than the market value of the existing property
 - 2) Once in their lifetime
 - 3) Within their current county or 10 counties that accept transfers from other counties

What Does Prop 5 Do?

	Current Law	If Prop 5 Passes
Value of New Property	Price of the new property must be less expensive than the price of the existing property	Price of new property can be more expensive or less expensive than the price of the existing property
Transfer Limit	Once in their lifetime	An unlimited amount of times
Location	Current county or 10 counties that accept inter-county transfers	Any county

How Does Prop 5 Undermine Equity?

- 1. Decreases funding for vital public services**
- 2. Disproportionally benefits white homeowners**
- 3. Eligible homeowners are relatively advantaged and less likely to live in poverty**

What Prop 5 Doesn't Do

- Help struggling seniors with rent
- Help people with severe disabilities pay the rent or access services
- Help wildfire victims rebuild communities
- Fix the housing crisis
- Help first-time homebuyers



What Prop 5 Means for Schools

According to the non-partisan Legislative Analyst, Prop 5 will drain upwards of \$1 billion from local funding for schools each year.

\$1 BILLION EQUATES TO:

- \$3,000 per K-12 Classroom
- 10,000 teachers
- Larger class sizes
- Fewer resources for student success



What Prop 5 Means for Local Services

According to the non-partisan Legislative Analyst, Prop 5 will drain upwards of \$1 billion from local services each year. That puts critical services we all count on at risk.



Newspapers Say NO on Prop 5

OCTOBER 8, 2018
Los Angeles Times
Proposition 5 is a cynical,
self-serving measure cooked
up by the real estate industry.
VOTE NO.

September 17, 2018
THE SACRAMENTO BEE
Supporters say **Proposition 5**
would help California's
housing crisis. **That's a sham.**

September 18, 2018
San Jose Mercury News
This isn't a solution to our
housing crisis. In fact, it
might make it worse.

September 19, 2018
San Francisco Chronicle
Prop 5 would make CA's housing
and inequality problems worse...
it should go down in flames.

The Bottom Linwe

Prop 5 drains \$1 billion EACH from schools and local services --- from fire and emergency response to health care and libraries.

This is according to the non-partisan Legislative Analyst Office

<https://lao.ca.gov/BallotAnalysis/Proposition?number=5&year=2018>



Who Wins with Prop 5?



The California Realtors Association is the **ONLY** sponsor of Prop 5, because real estate interests and wealthy property owners are the real winners under Prop 5.

Real estate interests have spent \$7 million to pass Prop 5!

Who is For and Who is Against

Supporters

- CA Association of Realtors
- National Association of Realtors
- CA Chamber of Commerce
- Howard Jarvis Taxpayers Assoc.
- CA Republican Party

Opponents

- CA Professional Firefighters
- CA Federation of Teachers
- California Calls
- PolicyLink
- CA Democratic Party

Our Coalition

CA DEMOCRATIC PARTY

AFSCME California
CA Alliance for Retired Americans
CA Faculty Association
CA Federation of Teachers
CA Labor Federation
CA League of Conservation Voters
CA Park and Recreation Society
CA School Boards Association

CA TEACHERS ASSOCIATION

CA School Employees Association
CA Special Districts Association
CA State Association of Counties
CA State Firefighters Association
CA State PTA
CA State Sheriffs' Association
Children Now
Congress of CA Seniors

CA PROFESSIONAL FIREFIGHTERS

Health Access
League of Women Voters of CA
Middle Class Taxpayers
Association
National Housing Law Project
San Luis Obispo Chamber of
Commerce
SEIU CA

What is Missing in this Slide?

You can sign up to oppose Prop 5 as:

- An Individual
- Elected Official
- Organization
- Company

www.noprop5.com

SIGN-UP TO OPPOSE PROP 5

PLEASE SELECT A CATEGORY

Individual Elected official Organization Company

PLEASE COMPLETE THE FOLLOWING INFORMATION

Company or
Organization

Name *

Title

Street Address

City

State

Zip code

Email *

Phone

Please check this box to publicly oppose Proposition 5. Checking this box allows the campaign to publicly list your name or organization's name to be used by the campaign in campaign related materials or communications.

FOR MORE INFORMATION

Nancy Gomez ngomez@health-access.org

Website: <http://www.health-access.org>

Blog: <http://blog.health-access.org>

Facebook: www.facebook.com/healthaccess

Twitter: www.twitter.com/healthaccess