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Memorandum²⁸¹³

To: Howard Jarvis Taxpayers Foundation
From: Arnold Steinberg
Date: May 28, 2008
Re: Statewide Survey on Proposition 13

- 1. Quick Overview.** Using our proprietary methodology, we created a broad database representative of the statewide electorate. We took steps to insure representation of listed and unlisted telephone numbers. In addition, we prepared a Spanish-language translation of the questionnaire and utilized bilingual interviewers. The interviews were conducted by experienced interviewers, working in a controlled situation from a single location, over an extended period ... to include weekdays as well as a weekend, and also to allow adequate time for callbacks. Interviewing started on Thursday, May 15, and concluded on Thursday, May 22. The random sample was continuously and dynamically created. The project was monitored and controlled by sophisticated computer programs and by veteran on-site supervisors. We programmed the questionnaire to ensure sequencing and rotation. While the survey (801 completed interviews) had a margin of error of plus or minus 3.5, our considerable experience (1,700 surveys and focus groups over more than a quarter century) and proprietary methodology and sampling procedures indicate that the results are more likely to be correct than to be off by the margin of error, or that the actual statistical error is inconsequential.

We programmed and converted some demographic information from the voter database, and we asked a series of demographic questions to generate cross-tabulations to discern variations in responses by demographic subgroups. While this is not a survey merely of high propensity voters, it is a survey of *voters*. All voters are residents, but all residents are not voters. Moreover, we interviewed people who are inclined to vote in a general election, which is to say, the overwhelming majority of the electorate. Accordingly, the demographics of this survey — in terms of such variables as age and party registration, ideology, home ownership, length of home ownership, income and race — largely reflect the

average general electorate as a whole.

All registered voters are not the same as all residents. And the average general election turnout is not the same as all registered voters. And the average general election turnout is not as high as a typical Presidential election, but it is much higher than in a primary election. What does all this mean? If we did a higher propensity turnout, such as in a primary, the results would include more older voters and be more supportive of Proposition 13. That said, we chose to create a database more like a general election. Still, it could be argued that we might be under-representing younger voters. Accordingly, we provided a weighted column [AGE VOTER REG] that mirrors registered voter distribution by age (age 18-34: 25.5%; age 35-49: 27.4%; age 50-64: 27.0%; age 65+: 20.1%). This distribution of all registered voters does not hold, since every single registered voter does not vote, and increasingly voters vote absentee, which favors older voters disproportionately. But you can look at this weighted column [AGE VOTER REG], and you can see the results for each question are not much different. Significantly, the differences are minor as the survey continues and younger voters become more familiar with what Proposition 13 is.

Finally, I personally monitored and reviewed the project on a daily basis.

2. **Summary.** As we move farther away from 1978, the evolving electorate becomes less familiar with Proposition 13, but much of the electorate remains very familiar or somewhat familiar with it [Q25]. By a margin of more than 2-to-1, the electorate would vote for Proposition 13 [Q26], and, with some familiarity with this issue, this margin increases to a second-ballot landslide [Q39]. The electorate is highly supportive of the key features of Proposition 13 and is weary of making changes to Proposition 13. Even when confronted with the opposition mantra that government, in general, and public education, in particular, need more funds [Q33], the electorate is unwilling to raise property taxes. These results are largely across the board, although Proposition 13 is far more likely to be supported by Republicans than by Democrats, by owners than by renters, by older voters than by younger voters. But the key point is that we generally are seeing varying degrees of support. For example, among Democrats, opinion moves from a plurality of support in the first ballot to a majority of support in the second ballot.

This is a survey about a measure that passed three decades ago, roughly a generation. During that time, there have been relentless attacks on Proposition 13. Its benefits to homeowners — limited property taxes and limited increases in property taxes — may be taken for granted by younger and more recent voters. That explains why, as they learn more, voters are more likely to support Proposition 13. When Proposition 13 does not do that well among a particular group, its performance increases markedly in the second ballot question. This is key to this survey: for the young voters, they are more likely to be undecided, initially; when given basic information, they support Proposition 13. As time goes on, it becomes more and more important to educate voters on what Proposition 13 is. And, as new homeowners become old homeowners, meaning they live in their home and become the beneficiary of the 2-percent limit on an increase in their property taxes, they will become more socialized toward that benefit of Proposition 13.

I believe that as voters become more familiar with Proposition 13, they become more like those who already are familiar with Proposition 13. Whatever problems are or are not posed by Proposition 13, it represents a certainty and a stability in an ever-changing political and economic climate. Change, then, is viewed as possibly sliding down a slippery slope that will lead to higher taxes.

3. **Introduction/Perception.** The mood of the electorate is downcast [Q23]; “wrong track” over “right track” by about a 3-to-1 margin, with no appreciable difference by party, but older voters and female voters are relatively more downcast. As for the Howard Jarvis Taxpayers Association [Q24], nearly four in ten voters have not heard of it, another quarter has no opinion. That is, a majority has never heard of, or has no opinion of, HJTA. But the organization enjoys a nice favorable-to-unfavorable ratio among those who have heard of it. This is highly age-correlated, with the unknown percentage moving from perhaps three quarters of the age 18-34 electorate down to perhaps one in six of the age 65+ electorate. Of those who have a view, Democrats are about split, whereas Republicans are overwhelmingly favorable. As for Proposition 13 [Q25], the electorate is nearly divided into thirds — one third not familiar at all with it, one third very familiar, and one third somewhat familiar. The numbers vary significantly by age — for example:

	Age <50	Age 50+
Not familiar at all	49.2	16.7
Somewhat familiar	33.3	42.2
Very familiar	17.4	41.1

4. **Proposition 13 ballot test.** At the outset [Q26], without any information, Proposition 13 receives a more than 2-to-1 victory margin. This margin of victory varies – doing much, much better among Republicans than among Democrats, and doing quite well (2-to-1) among independent voters. This measure does significantly better among age 50+ voters than among age <50 voters, and among homeowners as compared to renters. But the key is it wins, regardless of the key subgroup we examine. What is the key variable here? The more familiar respondents are with Proposition 13, the more likely respondents are to favor it. Indeed, Proposition 13 loses among voters who say they have no familiarity with it, but it wins comfortable among those who say they have any familiarity with it.
5. **Provisions of Proposition 13.** Voters approve the key elements of Proposition 13: limitation of property taxes to one percent of valuation [Q27], limiting the annual increase of property taxes to two percent [Q28], requiring local voters to approve any increase in general taxes [Q29], and requiring a two-thirds majority of the State Legislature to approve any increase in state taxes [Q30].
6. **Changing Proposition 13.** The sentiment to keep Proposition 13, and not change it [Q31], is high (a 5-to-3 majority) even before we discuss changes. As for specific changes, we found the following:
 32. Increase property taxes for long-time homeowners to bring them in line with more recent buyers: 77-to-18 against change
 33. Increase property taxes to provide more revenue

- for government and schools: 74-to-16 against change
- 34. Tax business property at a higher rate than residential property: 48-to-40 against change
- 35. Tax business property at a higher rate than residential property (with more info): 61-to-28 against change

Thus, the margin against raising property taxes for businesses rises quickly once the argument is barely joined about the consequences of such an increase.

7. **Sub-prime crisis.** The foreclosure crisis [Q36] makes voters less likely to want to change Proposition 13. I did not press the argument that Proposition 13 supporters have made, and would make, which is that Proposition 13 provides an element of stability to homeowners. No matter what happens to the economy or inflation or interest rates, an increase in property taxes is limited to 2 percent annually.
8. **Change means higher taxes for the respondent.** After the series of change questions, respondents were asked [Q37] whether changing Proposition 13 would mean higher taxes for the respondent. By a wide margin, respondents answered affirmatively.
9. **Change revisited.** We asked again about change [Q38] and, remarkably, found the results were not that much different than we saw in the first change question [Q31]. Thus, it appears that the electorate seems predisposed against changing Proposition 13, and enumerating possible changes did not move them against change, they already were there.

Proposition 13 revisited. At the end of the survey, and before the demographics, we did a second ballot [Q39]. What we see here is a noticeable effect on those who previously had not heard of Proposition 13. The major change in the first ballot to the second ballot reflects this fact: of those who said they were not at all familiar with Proposition 13, they moved from opposing it to favoring it.