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Taxing Times

“Eternal vigilance is the price of liberty.”
Often quoted by
Howard Jarvis

The Official Newsletter of the Howard Jarvis Taxpayers Association ★ Howard Jarvis, Founder ★ Vol. 45, Issue 2 ★ Spring 2019

STATE LAWMAKER FLOATS “THE REPEAL OF PROP. 13” ADMINISTRATION OFFICIAL SAYS GOVERNOR “OPEN TO A DISCUSSION”

California state Senator Bob Wieckowski, D-Fremont, suggested during a February budget committee hearing that it was time to discuss “the repeal of Prop. 13.”

“Why is that a bad idea, to have this discussion with the administration?” he asked.

An official from the state Department of Finance, Vivek Viswanathan, responded that Governor Gavin Newsom has said “he is open to a discussion on tax reform.” He added, “We all know there is an initiative that has already qualified for the ballot in 2020.”

That initiative, titled the California Schools and Local Communities Funding Act, would split the state’s property tax roll into residential and commercial, revoking the protection of Proposition 13 from business properties. Under Prop. 13, property tax assessments are set at market

value when a property is sold and may rise no more than two percent per year until the property is sold again. If the split-roll initiative were to pass, businesses would see their property tax assessments jump up to market value, resulting in sharp tax increases that would be repeated year after year as property values rise.

Proponents of the initiative estimate that it would pull in \$10 billion in annual revenue. Opponents, including the Howard Jarvis Taxpayers Association, believe that it would be an economic disaster to raise taxes on every business in California, and further, that the measure would likely be only one step on the road to destroying Proposition 13 altogether.

Wieckowski’s comments make it clear that the danger is very real.

Viswanathan noted that changes to the proposition process now



Petitions signed by HJTA Members urge lawmakers to protect Proposition 13. Watch the mail for the latest petition that needs your signature, or go online to www.hjta.org for a printable copy.

allow the Legislature to negotiate with initiative proponents for an alternative proposal in exchange for pulling the measure off the ballot. That means “tax reform” is “certainly a discussion that’s coming,” he said.

One possibility that has been raised by Governor Newsom is a deal in which business advocacy groups would agree to support

a new sales tax on services. Supporters of the proposal believe the modern economy is dominated by services, not goods, and they contend that the sales tax on goods alone is outdated.

A bill introduced last year by Senator Bob Hertzberg, D-Van Nuys, that would have imposed a sales tax on services was

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Taxing Times



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PRESIDENT'S MESSAGE

DEFENDING DIRECT DEMOCRACY, DEFENDING TAXPAYERS

By Jon Coupal

The powers of direct democracy — initiative, referendum and recall — are powerful tools to control slow-moving or corrupt politicians. These powers are enshrined in the California Constitution for reasons that are just as compelling in 2019 as they were in 1911 when Governor Hiram Johnson, seeking to suppress the absolute control the railroads had over the state Capitol, pushed to give ordinary citizens a “legislative battering ram” — using the language of the Supreme Court — to address issues that for whatever reason the Legislature refuses to address.

Political elites hate the initiative process. From their perspective, it allows the great unwashed and unsophisticated to deal with matters such as taxation, victims’ rights, insurance and, most important, political reform. These are issues over which politicians strongly desire to exercise a legislative monopoly.

Like any political process,

however, direct democracy can be abused. Some matters are indeed complicated and not well suited to a sound-bite campaign. Also, special interests with a lot of money can overwhelm the airwaves with TV and radio ads to convince a majority of voters (especially in a low-turnout election) to pass something they might later regret. Nonetheless, for taxpayers, direct democracy remains one of the few tools we have to protect ourselves.

Landmark initiative measures such as Propositions 13 and 218 have given taxpayers the kind of protection against greedy government entities that we would never have obtained but for rights granted through direct democracy. But taxpayers must do more than propose initiatives and convince voters to enact them. We must also defend them in court against never-ending assaults. For years, the Howard Jarvis Taxpayers Association has maintained a potent litigation capacity with

three full-time lawyers and access to dozens more willing to defend not just taxpayer-sponsored initiatives but the very power of direct democracy itself.

And so it is that HJTA finds itself back before the California Supreme Court on an important direct democracy case. The high court just granted review in a case where Howard Jarvis Taxpayers Association represents the taxpayers. In *Wilde v. City of Dunsmuir*, the court must decide whether local voters, using their referendum power, can force a water rate increase onto the ballot for their approval or rejection.

California is one of 23 states whose constitution grants voters the power to referend statutes and ordinances. A referendum is a proposal to repeal a law that was enacted by the Legislature, a city council or a county board of supervisors before it goes into effect. It is placed on the ballot by a citizen petition.

Ratepayers in the city of Dunsmuir collected enough signatures on a petition to qualify a referendum to approve or reject a water rate increase. The city refused to place the referendum on the ballot, arguing that the referendum power does not apply to taxes and that water rates are a form of taxation. It also asserted that Proposition 218, which reinforced the voters’ right to repeal or reduce fees using the initiative power, somehow implied an exclusion of the referendum power as a means of affecting fees.

Not surprisingly, the lower court rejected these arguments and ruled in favor of taxpayers, ordering the city to call an election on the ratepayers’ referendum. Now that the case is before California’s highest court, HJTA is hopeful that the ultimate decision stays consistent with established precedent recognizing that the powers of direct democracy are a “precious right.” □



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PRESERVE THE BENEFITS OF PROPOSITION 13

At the Howard Jarvis Taxpayers Association, we have received a number of inquiries from those wishing to help us preserve the benefits of Proposition 13 for their children, grandchildren and heirs. If you would like more information about making an endowment to the Howard Jarvis Taxpayers Association or the Howard Jarvis Taxpayers Foundation, visit www.hjta.org and click on "Take Action," then click on "HJTA Heritage Society," write to us at 621 S. Westmoreland Ave., Suite 202, Los Angeles, CA 90005, e-mail us at info@hjta.org, or call us at 213-384-9656.



Heritage Society

We thank and appreciate the following for their generous donations:

The Selck Family,
in the name of Lester John Selck and Jane Selck

The Gardner Grout Foundation

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at the Rancho Santa Fe Foundation

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A big “Thank You” to the Members of the *Heritage Society* who help make our work on behalf of taxpayers possible!

YOUR? ANSWERED

WHY ARE MY PROPERTY TAXES GOING UP SO MUCH?

Few things are more upsetting than opening a property tax bill and finding that it has unexpectedly jumped up far higher than it was just a year before.

That was a normal state of affairs for all California property owners until Howard Jarvis successfully battled to pass Proposition 13, which set property tax assessments at the purchase price and allowed the assessed value to rise no more than two percent per year until the property was sold again.

But some people have received property tax bills that show increases in the assessed value far higher than two percent. What's that about?

In November 1978, just a few months after Proposition

13 won a landslide victory at the polls, California voters approved Proposition 8. It amended the state constitution to allow temporary reductions in assessed value in cases where the market value of real property has declined in value.

A decline in value is defined as occurring in any year in which the current market value of real property is less than its adjusted base-year value, which is the market value as established in 1975 or when the property was last sold or underwent new construction. The base-year value is adjusted annually by the percentage change in the consumer price index or two percent, whichever is lower.

For some people who bought property in the years leading

up to and including 2008, the financial crisis caused the market value of their property to decline below the adjusted base-year value. County assessors may have applied a Proposition 8 reduction in assessed value.

As the housing market recovered, assessors began to increase the assessed value of properties that had received decline-in-value reductions. These increases are not subject to the two percent cap. However, the assessed value of a property cannot be increased above what it would have been under Proposition 13 if the decline in value had not taken place.

If you did not receive a Proposition 8 decline-in-value reduction, and you still received a shockingly high property tax

bill, it is likely because voters in your area approved new bonds or parcel taxes. Those extra charges show up on your property tax bill below a line that separates them from the tax on assessed value.

Property owners who disagree with the value that an assessor has placed on their property can appeal. Start by contacting the county assessor's office. If necessary, an appeal can be filed with the clerk of the county board of supervisors.

Questions about property tax assessments can also be directed to the California State Board of Equalization. The BOE can be reached by phone at (916) 274-3350 or by e-mail at PTWebRequests@boe.ca.gov. □

ATRM Report – American Tax Reduction Movement

TEXANS LOOK TO HJTA FOR ADVICE ON CAPPING PROPERTY TAX HIKES

HJTA President Jon Coupal spoke with Austin, Texas, television station KXAN in February about how Proposition 13 has helped Californians stay in their homes instead of being taxed out of them.

Reporter John Dabkovich contacted HJTA when he was working on a story about property taxes. "We have an issue here with seniors being forced out of their homes because of rising property taxes," he wrote in an e-mail. "Unlike California, Texas properties are assessed every year. So, someone who bought a house in 1975 for \$75,000 has seen their tax bill balloon as property values have skyrocketed here in Austin and around the state."

Howard Jarvis solved that problem for Californians with Proposition 13, passed overwhelmingly by voters in 1978. Now property tax assessments are based on the sale price of property and can rise no more than two percent per year until the property is sold again.

Texas Governor Greg Abbott has proposed a plan to limit property tax increases by preventing cities, counties and local school districts from collecting more than 2.5 percent more in property tax revenue than they did in the previous year without the approval of two-thirds of voters.

In the Texas Legislature, Senate Bill 1090 would require a two-thirds vote by the

electorate to pass any bond measure that would be funded by an increase in *ad valorem* (based on value) property taxes. Currently, only a simple majority vote is required.

Since 2004, 85 percent of bond propositions for cities and counties in Texas have passed. Senator Donna Campbell, author of SB 1090, says those higher local debts have meant higher property taxes. "Frivolous borrowing is taking place for water parks, for extravagant downtown libraries and for addressing long-neglected or deferred maintenance," she said.

Tax revolts are brewing around the country. In Arizona, tax activist Lynne Weaver is working to change the state

constitution so that people age 65 and over do not have to pay property taxes on their homes. The initiative would expand a program approved in 2000, which freezes the valuation of the property of low-income senior homeowners.

Weaver said the program requires too much paperwork, as well as renewals every three years. "We have too many people losing their home, unable to pay property taxes," she said.

And she had another thought about why taxes should be limited. "Just because you have money doesn't mean the government has a right to it," she said.

Howard Jarvis couldn't have said it better.

THE LEGAL FRONT

WHAT DO YOU DO WITH A DEBT? AND IS THE TWO-THIRDS VOTE DISSOLVING?

By Laura Murray, HJTA Staff Attorney

There is a beautiful series of children's books called *What Do You Do With an Idea?*, *What Do You Do With a Problem?* and *What Do You Do With a Chance?* They help children — and their adult readers — externalize problems (i.e., opportunities) by giving them colorful concrete shapes, forms, behaviors and even attitudes.

I have an idea: a book for adults called *What Do You Do With a Debt?* As with any problem, idea or chance, our first instinct is to pretend it's not there. Too scary. An externalized debt might look as big and dark as the Death Star. Maybe this is not a best-selling idea and what I should do with it is let it go.

Let's do a "step one" instead. Let's admit that California has a spending problem. Almost 400 local tax measures were proposed in November. Voters approved most of them. Many of these were to shore up basic services like police and fire. People tend to vote yes when the ballot says these services are in danger. But why all the sudden funding crises on basic services?

As our taxpaying population migrates out of state, we should be concerned about two things: the Death Star of public pension debt and the California Constitution's two-thirds vote requirement on local special taxes. If the first grows and the second dissolves, financial hemorrhaging will worsen.

Fortunately, Proposition 13 offered a chance to stop the bleeding. It limited property taxation for public pension indebtedness to that approved by voters before July 1, 1978. In 1982, HJTA grimaced as the California Supreme Court interpreted Proposition 13 to include

pension indebtedness for new and future public employees in those (perhaps extravagant) pre-1978 promises. But in 1982, HJTA lawyers successfully argued to the same court that *no new benefits* could be tacked on. The hemorrhaging slowed.

The two-thirds vote requirement on special taxes also slows the hemorrhaging. We would worsen our debt without it because every new special debt diverts resources away from basic services and paying down that existing pension debt. Being smart, California voters put the two-thirds vote requirement in our Constitution *twice* (in Propositions 13 and 218) to protect ourselves from the temptation to do so much good that we become irresponsible. We said to our future financial selves: First, do no harm.

With these boundaries, we hold steady with the debt even though we still don't know what to do with it.

But it doesn't help that San Francisco just went rogue on local special taxes. In October 2017, without requesting a state attorney general opinion, its city attorney published an opinion letter declaring that the two-thirds vote requirement — in the California Constitution for over 40 years — no longer applies to local special taxes *if formally proposed by a citizen's group* instead of a council or board. (And yes, a council or board can always "suggest.") San Francisco has inspired Oakland and Del Norte County to join them. Fresno is questioning the idea.

But in 1906, the California Supreme Court said that "it can make no difference in principle

whether the proposition originates with electors or with the council."

The California League of Cities agreed with HJTA. Going rogue nonetheless, San Francisco contends that three local special tax proposals (to fund universal day care, teacher pay supplements and homeless services) required only a 50% + 1 vote. These taxes "passed" on this suddenly discovered "loophole," some of them barely so. Hopes are up. Heartstrings are pulled. But debt growth lurks as yet more funds

*"...in August, we...
filed the first case to
challenge the passage
of a local special tax
on San Francisco's
50% + 1 loophole."*

can be diverted from general expenses, which we can be sure will lead to yet more crises in basic services on future ballots.

Reminding anyone of a limit is never fun. It's responsible caretaking. HJTA, the California Business Properties Association, the Building Owners and Managers Association of California and the California Business Roundtable volunteered to be the bad guys. Together in August, we all filed the first case to challenge the passage of a local special tax on San Francisco's 50% + 1 loophole. This local special tax is levied on gross receipts of commercial

rents, negatively affecting owners, tenants, insurance coverage and janitors' salaries. Its special purpose is universal day care for families earning up to 200% of Area Median Income. (In 2018 figures, that's an annual income of up to \$236,800 for a family of four.) The board of supervisors proposed the same special tax twice, but to make it a *citizen's* initiative, a supervisor collected signatures and withdrew the board proposals.

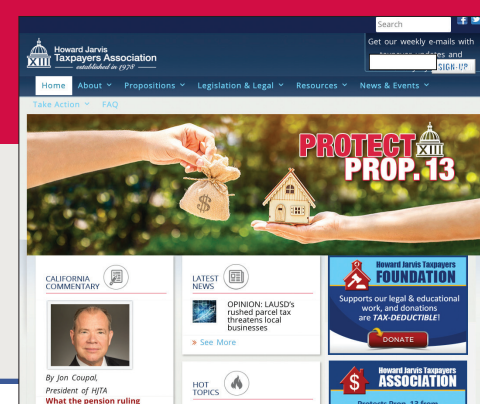
Other efforts at appreciating the first-do-no-harm value of the two-thirds vote haven't been going so well. Early in 2018, millions of dollars were invested in gathering signatures for an initiative that would have applied the two-thirds vote more broadly to *all* local and state taxes. Big Soda was among the signature gatherers. However, it sold out its allies by striking a deal with the Legislature, withdrawing the initiative in exchange for a temporary moratorium on soda sales taxes.

On the horizon now is Assembly Constitutional Amendment 1. It would lower the two-thirds vote on any tax with one of two specific special purposes — public infrastructure or affordable housing projects — to 55 percent as Proposition 39 did for school bonds in 2000. This is a more selective approach to dissolving the two-thirds vote. And it too ignores the real problem — lurking pension debt making everyday basic services verge on emergency.

Emergency is naturally our weakest spending trigger, and we'll create more of it every day if we let the two-thirds vote on local special taxes dissolve. □

HJTA.ORG

Your source for everything Proposition 13
and for information valuable to California taxpayers



WHAT IS “SPLIT ROLL”? (And why should I be terrified of it?)

“Split roll” is a shorthand term for proposed changes to Proposition 13 that would allow higher property taxes on businesses than on homeowners. The “roll” is the county assessor’s property tax roll, the list of all real estate parcels that are subject to property taxes. “Split” refers to a division into two parts: residential and nonresidential property.

Under Proposition 13, which became part of the state constitution when voters approved it in 1978, all property in California is assessed under the same rules and taxed at the same rate. The tax rate is one percent, and the assessment is set at the property’s fair market value, usually the sale price, at the time it changes ownership. Thereafter, Proposition 13 limits increases in the assessed value to two percent per year or the rate of inflation, whichever is lower, until the property changes ownership again.

Watch Out

In 2018, a “split roll” proposal garnered enough signatures on petitions to be eligible for the 2020 ballot. Proponents have given this initiative the friendly title of “California Schools and Local Communities Funding Act,” but what it would do to California’s economy isn’t friendly at all.

The initiative would revoke Proposition 13’s protection from nonresidential business and commercial property and require the reassessment of those properties to fair market value. This would be a massive tax increase on office buildings, retail stores, shopping malls, movie theaters, gas stations, supermarkets, factories, warehouses, self-storage facilities, auto dealerships, car washes, restaurants, hotels and every other job-creating business in the state. Even very small businesses that lease space in a strip mall would see their operating costs jump sharply as a result of tax increases passed through from landlord to tenant.

The cost of living, already high in California, would be pushed even higher by this huge tax increase, which would hit every business in the state at the same time. Don’t be fooled when split-roll advocates say that it just hits businesses. When *their* costs go up, so do the prices *you* pay for

goods and services. Just as bad, the split roll would make California’s brick-and-mortar businesses increasingly uncompetitive with online businesses based in other states where costs are far lower and would accelerate business flight out of California.

Your Rights Are No “Loophole”

Advocates of a split roll say it merely closes a “loophole.” They maintain that voters never intended Proposition 13 to apply to commercial property, but this isn’t true. California has had a single or “unified” roll, treating all property the same, *since the 1800s!* Proposition 13 didn’t change that.

In recent decades, there have been a number of attempts to attack Proposition 13 and create a split roll. So far, all such efforts have failed. But if this latest initiative is successful, its proponents will continue to assault Proposition 13, not directly with an attempt at repealing Prop. 13 entirely, but piecemeal. They would seek to revoke taxpayer protections and raise taxes on apartments and homes. They would chip away at Proposition 13 until it is all gone.

The Howard Jarvis Taxpayers Association is committed to protecting Proposition 13 and fighting tax increases. Taxes are already too high in California, yet the demand for more is unrelenting. Until state lawmakers get their overspending problem under control, Californians are at risk of losing their savings, their jobs and their homes to higher taxes.

Take Action

What can you do to help? If you’re not already a Member, join the Howard Jarvis Taxpayers Association today. With an annual membership donation of only \$15, you will be strengthening the voice of taxpayers in California. It has never been more important than it is right now.

Go online to www.hjta.org and click “Take Action” to join or renew your Membership. Be sure to sign up for e-mail alerts so HJTA can keep you informed about fast-changing developments in the state Capitol.

And tell a friend. ☐



FIRE TAX UPDATE

THE GOOD NEWS AND THE BAD NEWS

First, the good news. Howard Jarvis Taxpayers Association recently filed its reply brief in the Third District Court of Appeal. The briefing is now complete, and the case will be scheduled for oral argument.

As you know, the annual fire prevention fee has been halted, and the state is no longer billing the fee. However, the trial court judge threw out our case for refunds of past payments. That is what we are appealing.

Now, a bit of bad news. The Third District Court of Appeal is backlogged due to a shortage of justices. Another HJTA case has been pending a decision in that court for over two years. There is nothing we can do about the slow pace of justice.

More troubling is the fact that state Senator Bob Wieckowski, who represents an urban stretch

of the East Bay, has announced consideration of a bill to reinstate the fire prevention fee. Although his proposal doesn’t have a bill number yet, we need to respond quickly.

To voice your opposition, you can call Senator Wieckowski’s Capitol office at (916) 651-4010. Or you can e-mail his office by visiting <https://sd10.senate.ca.gov/contact/email>. Those who are registered to vote in his Senate District 10 will have the most influence. You can view a map of the district at <https://sd10.senate.ca.gov/district>.

Even if you live outside of Senator Wieckowski’s district, you can still register your opposition. You can also ask your own state senator and Assembly member not to support Senator Wieckowski’s proposal.

To find contact information for your representatives, go to <https://www.hjta.org/resources/taxpayer-tools/contact-representative> or visit findyourrep.legislature.ca.gov. Or check the government pages at the front of your local phonebook.

FireTaxProtest.org

STAY CONNECTED!

Message

Delete Reply Reply All Forward Move Ru... Junk Unread Categorize Follow Up

Sign up for e-mail alerts at HJTA.org.



Howard Jarvis Taxpayers Association
established in 1978



Friend, ... many of us are focusing on family and friends. Taxes are not

UNDER THE DOME

Your Help Will Be Critical to Fighting New Attacks on Taxpayers

By David Wolfe, Legislative Director

As I write this in early February, it's been three months since the last *Taxing Times* was published. This column was filled with multiple pieces of good news. Proposition 13 remained fully protected, and one of the constitutional amendments attacking it never even came up for a hearing. For only the third time in the last six years, no new taxes were approved by the California Legislature in 2018. We looked forward to building off this momentum with the election of more fiscally prudent legislators while keeping up the fight for Proposition 13 and lower taxes.

Well, what a difference three months makes. For starters, very little in the November election went according to plan. In the Legislature, nine Republican allies went down to defeat, giving Democrats solid two-thirds supermajorities in both legislative houses. While HJTA is nonpartisan, we recognize that Republicans are generally the party that advocates for Proposition 13, property rights and lower taxes. Following the election, we knew that taxpayers would be under immediate threat when the Legislature reconvened in January, and thus far that reality has come to pass.

Writing this column in February is always a bit challenging because only 500 bills have been introduced at this point. Over 1,500 more will be introduced over the next month, and many will be detrimental to taxpayers. And yet, we know enough now to understand that Proposition 13 will be under

immediate and direct assault and that taxes on resources essential to life itself may well be increasing. HJTA's challenge in the next two years will be to convince legislators of both parties that they have overreached and that increasing taxes on property owners by watering down Proposition 13's two-thirds vote protections will not help the majority of Californians that own homes or small businesses. The odds are daunting. If we want to keep an anti-Prop. 13 constitutional amendment from making the ballot, ten Democrats are going to have to stand with us. Much is at stake, and your phone calls and e-mails will be imperative as we strive to keep Proposition 13 protecting taxpayers for another 40 years. Here are thoughts on the four most important bills to HJTA at the moment:

- Assembly Constitutional Amendment 1 (ACA 1) lowers the two-thirds vote threshold for local bonds and special taxes from two-thirds to 55 percent to fund affordable housing projects. HJTA doesn't deny that we need more affordable housing. After all, one-third of California renters spend half of their take-home pay on rent, and less than 30 percent can afford a median-priced California home, which currently is over \$550,000. But it is rather ironic that in order to build more affordable housing, legislators are making it more expensive for current homeowners to

stay in their homes. ACA 1 allows parcel taxes to be imposed with only a 55 percent vote. Parcel taxes are very regressive in that no matter the size or value of the home or business, the property owner pays the same tax. In addition, while everyone is able to vote on the imposition of parcel taxes, only property owners ultimately pay them. This is all the more reason to keep Proposition 13's two-thirds vote threshold intact.

- In the last issue of *Taxing Times*, I mentioned two new taxes that thankfully were defeated: a precedent-setting water tax and an up to 80-cent-per-month surcharge on cell phone bills to pay for a new 911 system. While both these taxes were beaten back last year, Governor Gavin Newsom has signaled his intention to prioritize the passage of these bills through the Legislature. HJTA understands the need for such a 911 system. Deadly wildfires and mudslides have exposed flaws within a 911 system that has not been upgraded for 30 years and is unable to receive text messages or video posts. But to upgrade the current system will cost a one-time amount of \$170 million, or 0.01 percent of the General Fund budget. The tax could raise as much as \$400 million annually and would be permanent. Instead, public safety funding should be

a priority in the current budget, which now has a \$16 billion surplus.

- The water tax would add a one-dollar-a-month tax on all residential property owners to support a million Central Valley residents without access to clean water. HJTA is part of a broad coalition against the tax, advocating for a trust fund to be established. This would be a continuously appropriated fund that would be paid for entirely out of the General Fund surplus, without the need for any new taxes.
- Senate Bill 128, by San Jose Senator Jim Beall, would allow local governments to pass a new type of bond to fund Enhanced Infrastructure Finance Districts without *any vote of the people*. That's right, no vote at all to fund infrastructure projects that could cost tens of millions of dollars. HJTA has always believed that any long-term debt imposition should require a vote of the people.

Again, these are only four bills among dozens that HJTA will be taking a position on in the coming year. As always, continue to watch your e-mail for HJTA alerts, or go to www.hjta.org later in the spring for a full list of the bills we've taken positions on. If you'd like more information about what's going on in the Capitol, I'm an e-mail away at david@hjta.org. It remains an honor to represent you in the hallways of the state Capitol. □

TAXPAYER



ALERT

MEASURE EE – SPECIAL ELECTION IN L.A. COUNTY

The Los Angeles Unified School District has scheduled a **special election on June 4, 2019, for a proposed parcel tax**. Measure EE would add a new tax of \$160 per 1,000 square feet of your home. This is a taxpayer bailout of district mismanagement, and HJTA urges a "NO" vote on Measure EE. Watch the mail for your sample ballot, or go online to lavote.net/locatorbyaddress to find your polling place.

VOTE NO

GRASSROOTS REPORT

WHAT CAN I DO? HERE ARE SOME IDEAS

By Eric Eisenhammer, HJTA Director of Grassroots Operations

Reading the information in *Taxing Times*, you may be thinking, “I appreciate all this great work the Howard Jarvis Taxpayers Association is doing, but *what can I do* to stand up for my taxpayer rights?”

The following suggestions are just a few of the several ways to make an impact and are offered as possibilities to get you thinking of what type of activism might be right for you:

Join or start a local taxpayer organization

There are links to taxpayer groups all around the state on www.hjta.org when you click “Important Links” under the “Resources” tab. These are volunteer organizations that welcome citizen help and involvement, so you’re likely to get an enthusiastic response if you get in touch with a group in your area.

No existing taxpayer group near you? Why not start one? Starting a new organization is a big job, but that doesn’t mean you shouldn’t pursue it. Elected leaders and citizens look to taxpayer organizations for input on policy proposals under consideration, so becoming a taxpayer leader means fulfilling a valuable function in your community.

There are many things to think about when starting a taxpayer organization, including legal rudiments like what official form your group will take. While such paperwork may seem like a headache, it’s important to dot your i’s and cross your t’s correctly because the pro-tax crowd will examine your actions and may try to use any mistakes you make against you.

You can read more about how to start a local taxpayer group on www.hjta.org by looking up “Taxpayer Tools” under the



“Resources” tab and clicking on the downloadable handbook. And once you decide to start a group of your own, let me know! I can be reached at Eric@NoNewTaxes.net. I will communicate with you about further ways you and your group can support the fight to stop tax increases and defend Prop. 13.

Get involved in a political or civic group

Whatever your political affiliation, your involvement can help lead to more pro-taxpayer positions. Did you know political parties, whether Republican, Democrat, Green or Libertarian, have local central committees? These committees often have considerable authority to set positions. If you gather up some like-minded friends and show up at a meeting, you may set into motion a new taxpayer-friendly position by a local committee.

You may be surprised to know that some civic organizations also take political positions. Would you expect a club for birdwatchers to support an increase in energy taxes? Probably not, but that has really happened. It would have been great if some pro-taxpayer birdwatchers had been at that policy meeting to present another perspective. That could be you!

Run for office

I was listening to the radio the other day and the news reporter said a clown was running for Congress. And I thought, “Oh yeah, I already know that.” I was surprised when I heard that they meant an actual clown. Like the kind with a big red nose and floppy shoes. Let’s be real. So many total goofballs run for office that even if you feel unqualified, you’d probably make a much better candidate than you give yourself credit for.

Taxpayers seem less inclined to seek public office because we don’t generally have dreams that require a lot of government. We’re usually the kind of people who focus on our businesses and our families. However, the pro-tax crowd has so much political power because its members run for low-level offices and then slowly work their way up.

Though running for office may seem daunting, many books and websites offer helpful tips. A good place to start is to join a local Toastmasters Club to develop some public-speaking skills. Recruit some trusted friends to become a steering committee, ready for the time when you decide to announce your campaign. □

TAX BYTE

PENSION CHOMP

How far underwater is the California Public Employees’ Retirement System (CalPERS)?

That depends on which method is used to calculate its liabilities.

The U.S. Bureau of Economic Analysis developed a new method called “projected benefit obligation,” which brings pension asset and liability calculations into alignment with new governmental accounting standards and with how the federal government does the math for its own employee pension system.

Late last year, the Federal Reserve System used the new method to calculate state and local governments’ unfunded pension liabilities. The total red ink doubled to \$4.1 trillion.

How bad is it in California? When we use this more realistic method of projecting the financial picture, CalPERS’s unfunded liabilities could jump from \$179 billion, which is the official number, to \$360 billion.

If the fund can’t pay all the pension benefits it owes, taxpayers are on the hook to make up the difference.

THE GUESSING GAME

HOW HIGH WOULD YOUR TAXES BE WITHOUT PROPOSITION 13?

TRY OUR TAX CALCULATOR ONLINE AND FIND OUT!

Once or twice you may have heard a homeowner say, “I don’t have Prop. 13.” Or, “I’m not under Prop. 13.” Or maybe, “I’ve only owned my house for a few years, so Prop. 13 doesn’t help me.”

Well, they couldn’t be more wrong.

All real property in California is under Prop. 13, and it protects every property owner from the sudden and unpredictable reassessments that once were part of life in California.

Before Proposition 13, the market value of your home was also the approximate assessed value of your home. The statewide average tax rate on property was 2.67 percent of assessed value.

Proposition 13 limited the assessed value of property to the purchase price, plus an annual increase of no more than two percent per year, and it cut the tax rate on property to one percent of the assessed value.

How much would you be paying in property tax today if Proposition 13 had never passed?

Try our Guessing Game tax calculator at <http://guessinggame.org> and find out!

Guess no more! Your property taxes may be a game to politicians but not to Howard Jarvis Taxpayers Association, the taxpayer’s resource. Enter the estimated current market value of your home to find out how much you could be paying in property taxes without Proposition 13.

Enter the approximate current market value of your home:

\$

Before Proposition 13, the market value of your home was also the approximate assessed value of your home, and the statewide average tax rate on property was 2.67 percent of assessed value. Without Proposition 13, your annual property taxes would be approximately...

CLICK TO FIND OUT!

\$ *

Proposition 13 limited the assessed value of property to the purchase price plus two percent per year, and cut the tax rate on property to one percent of the assessed value. And it made it harder for politicians to raise other taxes, requiring a two-thirds vote instead of a simple majority.

Protect Proposition 13. It has been protecting California taxpayers since 1978.

DONATE **JOIN US!**

*The estimated property tax amount calculated above is based on pre-Prop. 13 taxation levels. Please consult your property tax bill for your actual property tax amount.

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HOWARD JARVIS
TAXPAYERS
ASSOCIATION

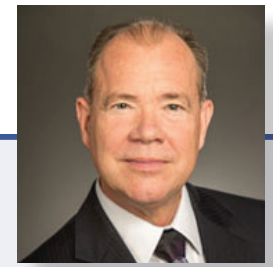
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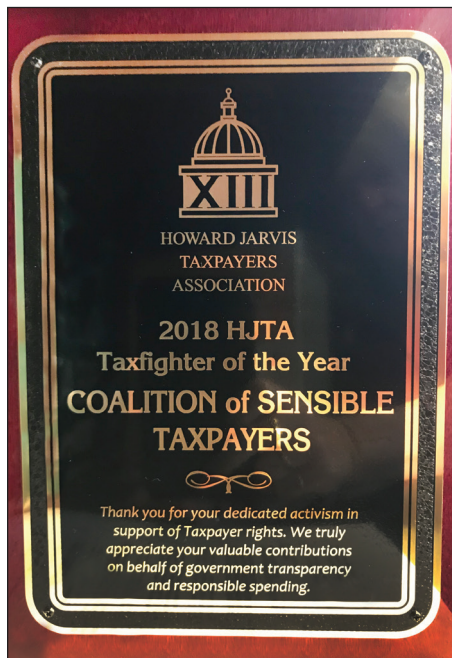
FOUNDATION REPORT

HJTA Honors CO\$T Marin with Taxpayer Organization of the Year Award



**THANK YOU,
HJTA
MEMBERS...**

...for helping
to protect
Proposition 13 and
for supporting
our work on
your behalf!



The Howard Jarvis Taxpayers Association awarded its prestigious Taxpayer Organization of the Year prize, and a \$1,000 grant, to Marin's Coalition of Sensible Taxpayers. This annual prize recognizes outstanding effort

by a local taxpayer organization or leader.

CO\$T is a nonpartisan organization representing the rights and interests of Marin's taxpayers and voters. CO\$T's leadership team is known for its financial expertise and deep-dive research, focusing on taxes and fees with an eye toward affordability, fairness and transparency. The *Marin Independent Journal* dubbed CO\$T's president and founder, Mimi Willard, "Marin's Budget Hawk."

The group holds educational public meetings to bring attention to the impact on school funding, public services and taxes resulting from underfunded pensions and irresponsible fiscal policy.

Among its achievements, CO\$T successfully led a ratepayer protest that won a rollback of a 7%

water rate hike that had been set for 2018.

CO\$T also operates the CO\$T Foundation, a 501(c)(3) tax-exempt organization supported by tax-deductible contributions that fund research and education.

In awarding the Taxpayer Organization of the Year prize, HJTA President Jon Coupal cited CO\$T's nonpartisan coalition as an effective approach to taxpayer advocacy in California.

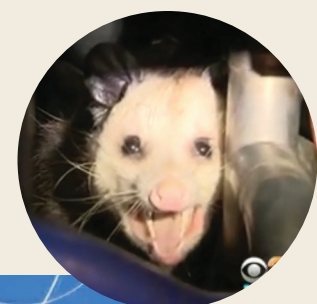
Willard had warm words for HJTA's support of local taxpayer groups, as well as its leadership in defending California taxpayer rights via legislative advocacy and important legal work.

HJTA is proud to honor Marin's Coalition of Sensible Taxpayers as our Taxpayer Organization of the Year.

For more information about CO\$T, visit COSTMarin.org. □



HJTA's Vice President of Communications, Susan Shelley, spoke with CBS LA's David Goldstein about the waste of California taxpayer dollars on a \$1 million green-energy bus that doesn't run and has never been used, except by an angry possum that was living in the engine compartment.



This column appeared in the *San Diego Union-Tribune* on February 10, 2019.

WHY UNIVERSAL PRESCHOOL IS TOO COSTLY FOR CALIFORNIA

By Jon Coupal

When newly elected Governor Gavin Newsom introduced his first budget, he stated that universal preschool would be an important priority. Advocates of that program cheered, convinced that the \$16 billion state budget surplus made this the right time to spend the \$1.8 billion to make that commitment.

However, universal preschool is just one of the costly programs, all with devoted advocates, that are proposed as part of the record \$143 billion General Fund budget. Experience cautions us to be careful that we spend money responsibly, and to beware of making ongoing financial commitments to programs with a less than stellar track record.

The governor has said the spending on this program represents one-time money, and no additional funds will be required in future years. Taxpayers should be skeptical. The money needed to retrofit or build classrooms and bathrooms to accommodate younger children may be a one-time cost, but the salaries and benefits for thousands of newly hired teachers will necessarily be an ongoing expense. If a recession or economic slowdown were to hit

California, the ongoing spending commitment will likely require higher taxes, fees or tuition costs to fill the hole in the budget.

If Governor Newsom and the Legislature are not inclined to be fiscally responsible, they might want to consider the political costs of such an outcome. Voters have not always shown support for universal preschool. In 2006, voters rejected Proposition 82, which would have provided universal preschool regardless of income level, by over 20 percentage points.

Advocates of universal preschool say that where the model has been tried, it has worked. As evidence, they cite the results of a Chicago Child-Parent Center program for low-income children. But the comparison is not convincing. The Chicago program had local control, which the California proposal does not, and the Chicago program was limited in size. Numerous studies have shown that targeted universal preschool programs limited to a specific city or county have a better chance of viability.

The second difference between the Chicago program and the California proposal is the specific

funding requirements for parental training and involvement. Even in the most expansive preschool program, teachers may only have the children for four or five hours a day. The role of parents in the success of any preschool program should not be underestimated.

Supporters respond to these arguments by saying universal preschool is uncharted territory, and because it's never been attempted on a broad scale in California, it is a worthwhile investment. But in fact, it has been tried before, and the record is not encouraging.

For 50 years, the federal Head Start program has provided preschool services to more than 22 million predominantly low-income children. Sadly, there is abundant data to show that its track record is disappointing.

A recent study by two Vanderbilt University professors shows that despite gains made by small-scale preschool programs, on a larger scale, any academic gains made in the Head Start program had evaporated by the end of kindergarten or first grade. That study also found that by third grade, Head Start children were disproportionately more

aggressive and more likely to suffer from emotional issues. A study done by the U.S. Department of Health and Human Services, which has oversight over Head Start, found that any academic gains from the program had disappeared by the third grade.

Numerous studies from the RAND think tank have shown that regardless of income level, children who attended any type of preschool were no more likely to achieve a high school diploma or a college degree than students who did not attend preschool.

Respected education experts in California are likewise skeptical. Lance Izumi, noted education author and Senior Fellow with the Pacific Research Institute, concluded that, "overall, data do not support the call for increased taxpayer investment in government preschool."

Governor Newsom and the advocates of universal preschool should go back to the drawing board and carefully consider both the cost and efficacy of the program. Taxpayers and parents deserve to see success in a scaled-down pilot program before committing to another ongoing government expense. □

FAIR POLITICAL PRACTICES COMMISSION



HJTA President Jon Coupal made comments to the California Fair Political Practices Commission at its February 21, 2019, meeting. Coupal spoke in support of proposed legislation to give the FPPC the power to enforce the law against government entities using taxpayer dollars for political campaigns. HJTA is currently suing Los Angeles County for spending nearly \$1 million of public money to buy advertising for Measure H, a 2017 sales tax increase to pay for homeless services. "We need help" to stop these illegal actions, Coupal told the commissioners. "The DAs and the attorney general are not pursuing this."

STATE LAWMAKER FLOATS "THE REPEAL OF PROP. 13"

Continued from page 1

opposed by virtually every business organization and trade association in California. Would those same business groups agree to support a sales tax on services in exchange for pulling the split-roll measure off the 2020 ballot?

Even if they do, it may not happen. The powerful California Teachers Association has endorsed the split-roll proposal, and United Teachers Los Angeles is counting on the revenue to fund their newly signed three-year contract with the Los Angeles Unified School District. L.A. County education officials have warned that LAUSD's revenue is inadequate to meet its obligations in the third year of the teachers' contract.

Rob Lapsley, president of the California Business Roundtable, a business advocacy group, told the Reuters news service that the Los Angeles teachers' strike was a calculated "strategy" to attack Proposition 13. "It was all to start a campaign for split roll," he said.

The split-roll initiative is not the only threat to Proposition 13 that could appear on the 2020 ballot. A proposed constitutional amendment, ACA 1, would change Prop. 13's requirement that tax increases must receive the approval of two-thirds of voters. Under ACA 1, taxes for the purpose of funding infrastructure or affordable housing would pass with the

approval of only 55 percent of voters. This includes taxes paid only by property owners, such as parcel taxes or the repayment of certain bonds.

That means it would be easier to add extra taxes to property tax bills for almost any government construction project, including roads, buildings, water and sewer projects and subsidized housing.

Today's taxpayers are feeling the bite from a similar measure approved in 2000. Proposition 39 lowered the threshold to pass school bonds from two-thirds to 55 percent. The "voted indebtedness" charges that are listed on property tax bills have increased year after year as school districts have

rushed to place bond measures before voters.

The Howard Jarvis Taxpayers Association is fighting to stop ACA 1 from receiving the two-thirds vote it needs in each house of the Legislature in order to get on the 2020 ballot. If the measure does make it to the ballot, it requires the approval of only a simple majority of voters to pass.

If you would like to contact your representatives in Sacramento and urge them to vote no on ACA 1, you can find their names and phone numbers online at findyourrep.legislature.ca.gov, or check the government pages at the front of your local phonebook. □

the MAIL Bag

"Many thanks to the Howard Jarvis Taxpayers Association for the comprehensive information. You guys are great."

—M.C.
Monterey

"Thank you. Thank you for the hard and great work you do with Proposition 13."

—J.L.
Brea

"Thank you for doing an outstanding job helping us, by protecting Prop. 13. Without Prop. 13, thousands will be taxed right out of their homes. It doesn't stop there. It means rents will be too much also. We must let everyone know what Prop. 13 stands for — A Place Called Home!"

—E.H.
South Pasadena

"Thank you for the wonderful job that you do on behalf of us homeowners and senior citizens such as myself!"

—A.V.
San Diego

Thank You FOR RECRUITING NEW PROP. 13 SUPPORTERS!

HJTA's hat is off to all of you who have recruited new Members to the taxpayers' cause. Please keep up the good work!

The tax revolt that passed Proposition 13 has always depended on grassroots supporters. Howard Jarvis always fought for average taxpayers who pay govern-

ment's bills, and we at HJTA continue his crusade.

Everyone knows at least one person, and probably more, who should join our movement.

The vast majority of those who know about Proposition 13 support it, but many are not aware that their taxpayer protections are

under constant attack by Sacramento politicians.

Taxpayers' best defense is an informed public. You can support Proposition 13 by helping HJTA recruit new Members who will strengthen the taxpayers' cause in Sacramento and throughout the state.

Please use the coupons

below to send us the name and address of at least one taxpayer who would benefit from learning more about Proposition 13 and the tax-fighting work of HJTA. If you know of more than one, provide their information or pass a coupon on to them, and we will be glad to reach out to them as well.

HJTA MEMBERS: HELP HJTA HELP YOU

The Howard Jarvis Taxpayers Association is California's number-one taxpayer advocacy organization. By recruiting new Members, we strengthen the taxpayers' cause in Sacramento and throughout the state.

Help protect Proposition 13! Every HJTA Member knows at least one person who should join HJTA. Please pass along this coupon or just send us their names and addresses. HJTA will send them information on our ongoing work and a membership application. Thank you!

Mail to: HJTA, 621 South Westmoreland Avenue, Suite 202, Los Angeles, CA 90005-3971

Please send information on the tax-fighting work of the Howard Jarvis Taxpayers Association and a membership application to:

Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

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