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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. 43, Issue 1 ★ Winter 2016–2017

ROUGH ROAD AHEAD

Tax raisers strengthen their hand

The election has resulted in more pro-tax lawmakers being elected, guaranteeing Proposition 13 will remain the primary target. The Sacramento politicians regard Proposition 13 as the major obstacle to their grabbing more tax dollars to fuel their spending plans, which include rewarding their special interest allies, the donor class and government-employee unions.

“HJTA will continue to champion the cause of everyday taxpayers,” commented HJTA President Jon Coupal on the election results. “We will be working harder than ever to protect those who work so hard to provide for themselves and their families and who are already carrying one of the heaviest tax burdens in all 50 states.”

HJTA has already begun a heavy education and lobbying campaign directed at newly elected members of the State Senate and

Assembly. This will be coupled with organizing taxpayers and supporters of Proposition 13 within the districts of these lawmakers. “Many new members are surprised to learn how many of their constituents strongly support Proposition 13,” said Coupal. “We will make sure they know how important Proposition 13 is to the voters they will count on for reelection.”

Additionally, HJTA will be continuing a major outreach campaign to the general public on behalf of Proposition 13. (Please see “More HJTA Radio” on page 10.)

To keep up to date on HJTA’s work and the battle to protect taxpayers, please go to the informative HJTA website, www.hjta.org, and sign up for free taxpayer alerts. Here you will also find useful information on property taxes and tools to help taxpayers fight back against the



HJTA President Jon Coupal and Director of Legal Affairs Tim Bittle consult on developments in the Fire Tax lawsuit. See story on page 5.

constant demand for higher taxes. Howard Jarvis, the father of Proposition 13, proved what can be accomplished by working together. He used to tell folks, “If there is something about government you don’t like, get together and do something about it.” He would hold up a hand with the fingers extended

and grab one finger with the other hand. “Separately they are weak, but together,” he would say while making a fist, “they are powerful.”

“My message to HJTA Members is this,” said Coupal. “Our unity will keep us strong. We should not be afraid of the politicians. They should be afraid of us.” □

Taxing Times



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PRESIDENT'S MESSAGE

PROPOSITION 13 WAS SAFE FOR A FEW WEEKS, BUT NOT ANY LONGER

By Jon Coupal

While the Legislature was in adjournment and lawmakers were at home campaigning for reelection, they were diverted from their favorite pastime of undermining Proposition 13 and its protections for California taxpayers.

However, this “time-out” was only a brief respite from the Sacramento politicians’ inexorable pursuit of taxpayers’ wallets, the ferocity of which matches the dedication and intensity of a bear going after honey.

In December, lawmakers will reconvene to kick off the next two-year legislative session. During the just-completed session, with great effort, taxpayer advocates were able to stop all the major efforts to modify or undermine Proposition 13. But, as surely as Angelina and Brad will be appearing on the covers of the supermarket tabloids, these attacks on taxpayers will begin

anew with the Legislature back in session.

Bills will be introduced to make it easier to raise taxes on property owners as well as to cut the Proposition 13 protections for commercial property, including small businesses. There may even be an effort to impose a surcharge on all categories of property, an idea that was put forward by authors of an initiative that nearly had enough signatures for placement on this year’s November ballot.

Accompanying the legislative fusillade will come the usual arguments that more money is desperately needed for local government, or schools, or infrastructure, or the homeless, or the elderly, or (fill in the blank with the program or cause of your choice), or all of the above. Government at all levels has become a militant special interest and its Prime Directive is to increase revenue — to take in



Jon Coupal in an outdoor interview on the importance of Prop. 53.

more taxpayer dollars, that is — and more is never enough.

The dirty little secret behind why government has changed from a service entity, dedicated to meeting the needs of its constituents, to a rapacious overlord is that since being granted virtually unfettered collective bargaining rights in 1977, California’s state and

local government workers have become the highest-compensated public employees in all 50 states. With the high pay come high union dues, collected by the employing entity and turned over to the government-employee union leadership. These millions of dollars can then be used as a massive war chest to elect a

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Happy Holidays from your
BOARD OF DIRECTORS



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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 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.

Howard Jarvis
XIII Taxpayers Association

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

The Benson Foundation

The Allan W. and Elizabeth A. Meredith Trust

Baker Family Donor Advised Fund
at the Rancho Santa Fe Foundation

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

This column appeared in a number of California newspapers.

PROP. 13 REPORT FROM LEGISLATIVE ANALYST ELICITS MIXED REACTIONS

California Commentary from the Howard Jarvis Taxpayers Association – October 2

Two weeks ago, the California Legislative Analyst released a report entitled “Common Claims About Proposition 13.” On balance, the report was a (mostly) objective view about California’s landmark property tax reduction measure.

As the title of the report implies, there are many claims about Prop. 13, what it does and what it doesn’t do. In fact, we at Howard Jarvis Taxpayers Association have collected a lengthy list of “myths” about Prop. 13 that are deeply ensconced in urban legend. For example, the monolithic education bureaucracy repeatedly claims that Prop. 13 starved public education in California. But the fact is that we now spend 30% more on a per-student, inflation-adjusted basis than we did just prior to Prop. 13’s passage — a time in which there is broad consensus that education in California was the best in the nation. Whatever it is that caused the decline in the quality of public education, it certainly hasn’t been the lack of revenue.

The release of the Legislative

Analyst’s Office (LAO) report instigated a great deal of reaction, ranging from cheers to jeers depending on one’s preconceived opinions about Prop. 13. Every interest group, it seems, has cherry-picked the report to confirm what they already believe. But objectively, for Prop. 13 defenders, we see much in the report that supports what we’ve been saying for decades.

Abraham Lincoln is quoted as saying, “We can complain because rose bushes have thorns, or rejoice because thorn bushes have roses.” Here are the “roses” we see in the report:

First, the report says that residential and commercial properties turn over at about the same rate, and that Prop. 13 is not the cause of this. It also says that residential property tax growth is only slightly more than that from business properties, but this is due to greater residential development. This runs directly counter to those who desire to strip Prop. 13 protections from business properties.

Second, the report states

that small businesses pay less in property tax because of Proposition 13, and that Prop. 13 does not serve as a disincentive to create small businesses. This bursts another bubble floated by Prop. 13’s detractors.

Third, and most important for the Jarvis faithful comprising senior homeowners, the report shows that assessed valuation limits provide greater security to retirees.

About the only item in the report that Prop. 13 haters can point to is the LAO’s conclusion that wealthy Californians, who own higher-value properties, have benefited more than those with modest homes. But to this we respond with a resounding “duh.” Obviously, given that Prop. 13’s rate limits and limits on increases in taxable value apply equally to all property, those with more expensive properties will benefit more. Prop. 13’s protections were never designed to be means tested. It provides the same rules to every property owner in California, from the owners of modest bungalows to mansions

and from small mom-and-pop businesses to corporations. It doesn’t pick winners and losers. Only winners.

As California’s leading defender of Proposition 13, we have only a few quibbles with the LAO report. Here, we will discuss only one. Specifically, the report makes much of the fact that local governments had the power to reduce tax rates prior to Prop. 13’s enactment in 1978, and that this — it is implied — offset the rapid increases in taxable value that homeowners were experiencing. This is true, but in theory only. In reality, while local governments had that power, they didn’t use it. Reductions in tax rates in no way even closely offset increases in taxable values. How do we know this? Simple. Against every special interest and editorial in California, voters — by a 66% margin — launched the modern tax revolt known as Prop. 13. All that was missing were the torches and pitchforks. If tax rates had indeed been reduced, this revolt would never have happened. □

This column appeared in a number of California newspapers.

WHAT TOOK SO LONG TO REINSTATE PROGRAM FOR LOW INCOME SENIORS?

California Commentary from the Howard Jarvis Taxpayers Association – September 18

Property tax assistance for low income seniors, the blind and the disabled is available again. In 2009 the Legislature ended the Property Tax Postponement (PTP) program that for 40 years had allowed low income seniors, the blind and the disabled to defer payment of their property taxes.

That the PTP program is back is good news, but the question begs to be asked, why was a program that for vulnerable

homeowners could mean the difference between remaining in the homes where they had resided for decades, or being forced out into the street, canceled in the first place?

The answer is a sad commentary on how Sacramento works when political insiders think no one is looking.

First, it is important to recognize the unofficial motto of the State Legislature, which is

“When you’ve got it you spend it.” This is what then Senate leader David Roberti said in response to Gov. George Deukmejian’s effort to return excess tax revenue to taxpayers in 1987. Unsaid, of course, is that lawmakers are equally willing to spend even when they don’t “got it.” This helps explain why, even before the economic meltdown in 2008, the state budget was running a deficit of billions of dollars.

When the recession came, and state revenues declined, the Legislature’s response was to raise taxes on Californians whose economic fortunes had also plummeted. Lawmakers raised sales taxes and income taxes. They even went after parents by cutting the tax deduction for dependent children in half.

While taxpayers got a haircut, the highest paid state workers in

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THE LEGAL FRONT

OFFICIALS USE DROUGHT AS EXCUSE TO RAISE WATER RATES

By Tim Bittle, HJTA Director of Legal Affairs

An expression that I use frequently, and apparently incorrectly, is the phrase “there is more than one way to skin a cat.” According to a website that specializes in the origins of sayings, this expression began as, “there are more ways to kill a cat than choking it with cream.” It meant there are more ways to solve a problem than just capitulating.

A problem confronting many taxpayers in California is the escalating cost of water. It’s a problem for two reasons. First, water is fairly important for things like staying alive. Second, most of us have a finite amount of money with which to pay bills each month.

California’s stubborn drought has provided political cover for public agencies to hike water rates, sometimes to inhumane levels. In my two-person household, the water bill hovers around \$400. Many of my neighbors have been forced to let their lawns and fruit trees die because they can no longer afford to water them.

Public officials claim they have no control over the cost of service, but if you examine the typical water enterprise budget, you’ll find many “costs” that could be easily eliminated.

Built into Proposition 218 is a tool that was intended to address the problem of unjustified rate increases so that instead of just

capitulating, taxpayers could fight back. Proposition 218 states, “Notwithstanding any other provision of this Constitution... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.”

On its face, this right of taxpayers to reduce or repeal unjust fees through the use of their initiative power trumps all other laws. Unfortunately, the courts have not seen it that way.

Three years ago, in a case of ours called *Mission Springs Water District v. Verjil*, the Court of Appeal ruled in favor of a water district that refused to call an election on a duly qualified initiative designed to roll back a 40% rate increase. The district claimed that it needed the entire increase to continue providing service. Because water service is an “essential governmental function,” the court ruled, voters cannot be allowed to set rates lower than the amount determined necessary by the district.

Last year we litigated a similar case in the City of Dixon. The court in that case also ruled that voters could not be allowed to vote on an initiative that would have rolled back a steep rate increase to pay for treatment plant improvements. The worst part about the Dixon case was that the city council

itself had considered two cheaper viable alternatives but chose the most expensive design. The court ruled that, despite Article 13C, section 2, voters cannot second-guess the council’s exercise of discretion.

Around the same time that we lost the Dixon case, taxpayers in another part of the state lost another initiative case on similar grounds. Although we believe these decisions are dead wrong, they now provide a road map for public agencies to defeat all future rate-reduction initiatives. This caused us to rethink the strategy taxpayers should use to stop unreasonable rate increases. After all, there’s more than one way to skin a cat.

Besides the power of initiative, Californians also have the power of referendum. Referendums differ from initiatives. Voters by initiative can propose and adopt their own laws or set their own rates. Referendums, however, only allow voters to approve or reject laws passed by their elected officials. After that, it is up to the elected officials to come back with a different, hopefully better, alternative.

Presently pending in the Court of Appeal is our first case to test taxpayers’ new referendum strategy. The case is called *Howard Jarvis Taxpayers Association v. Amador Water Agency*.

In this case, local water customers reacted to a significant hike in water rates by collecting signatures on a referendum petition to place the rate increase on the ballot. The water agency’s board, however, refused to act on the petition. It took the position that voters do not have the power to referend local fees or assessments, period!

We filed suit, asking the court to order the agency to process the customers’ referendum and place it on the ballot. Because this was an election matter, the trial court ordered an accelerated briefing and hearing schedule, which was completed on time despite the agency’s attempt to derail it by disqualifying the judge. Unfortunately, the replacement judge sided with the agency, ruling that the referendum power is unavailable to voters when it comes to fees and assessments.

We filed a notice of appeal. By the time you read this, the briefing will be complete and we will be awaiting an order setting the case for oral argument.

We feel strongly that this is a case we must win on appeal, otherwise taxpayers will be left defenseless against unjustified and unaffordable increases in the cost of a commodity they can’t live without. They’ll be forced to submit to the cat’s every demand for more cream. □

WHAT TOOK SO LONG?

Continued from page 3

the nation were fully protected. Bureaucrats who had been given furlough days to cut costs were fully reimbursed for lost pay.

The Sacramento politicians made a few cuts to limit the increase in state spending, but spending, nevertheless, continued to expand. The motivation for cutting at least one program was clearly mean-spirited. To save a few million dollars in the current budget, legislators eliminated the Property Tax Postponement program. However, this program,

so important to low income seniors, was never a handout or an entitlement. The state recovered all costs, plus interest, when the home was sold or the owner passed away.

Taxpayer advocates immediately set about lobbying for the return of the PTP program, a program that pays for itself. Finally, even thick-skinned lawmakers were embarrassed and approved reinstatement of the PTP in 2014. However, claiming that time was needed to train staff and prepare paperwork, the benefit was not to be available for another two years.

Time is up and the Office of the Controller will begin taking applications in October. To be eligible for property tax postponement, a homeowner must be 62, or blind, or have a disability. The homeowner must also have a household income of \$35,500 or less, have at least 40 percent equity in the property, and occupy the home as the primary residence, among other requirements.

The interest rate for taxes postponed under PTP is seven percent per year. Postponed taxes and interest become due and payable under PTP when the

homeowner moves or sells the property, transfers title, defaults on a senior lien, refinances, obtains a reverse mortgage or passes away.

Funding for the program is limited and is available on a first-come, first-served basis. The program application and details are on Controller Yee’s website or by phone at (800) 952-5661. However, taxpayers who need this assistance must remain vigilant. If lawmakers think no one will notice, they may throw the PTP overboard again, as they did in 2009. □

FIRE TAX UPDATE

HJTA sued the state over the so-called Fire Prevention Fee in October 2012. The state Attorney General subsequently filed, in succession, three demurrers — requests that the court dismiss the lawsuit. HJTA prevailed against all three challenges, but the state's delaying tactics cost several years because the Attorney General ran out the clock by filing the challenges at the last minute until she used up her limit of challenges.

We then proceeded to the discovery stage, where HJTA requested pertinent documents from the state that support our case. The state replied by sending thousands of pages of documents that our attorneys are still reviewing.

However, we have made progress. Over the state's objection, the Sacramento County Superior Court granted certification of a class including all persons

who are entitled to a refund of fire taxes that they paid; that is, property owners who paid the fire tax and timely filed Petitions for Redetermination. The court required that HJTA provide a due diligence notification by mail to potential members of the class who had not filed the Petition for Redetermination. The notification process is now complete.

Early next year, the HJTA legal team expects to have completed the examination of 12,000 pages of CalFire documents related to Fire Tax expenditures. Once we have all the facts to prove our case, we will ask the judge for a final decision.

To keep up to date, go to www.hjta.org and click on the Fire Tax Protest banner (one of the rotating banners on the right-hand side of the home page). Here you can sign up to receive specific news about the Fire Tax lawsuit as it develops. □

PRESIDENT'S MESSAGE

Continued from page 2

pro-union majority in the Legislature and on the governing bodies of most local governments. And since these elected officials' political futures are dependent on the goodwill of their union sponsors, there are almost no limits on what they will be willing to do to extract more money from taxpayers to be shoveled into ever-increasing pay, benefits and pensions for government workers. (Government-employee pension debt is approaching one trillion dollars, about \$25,000 for every California resident.)

Literally, the only protections that average folks have from a total mugging by state and local

governments are Proposition 13 and Proposition 218, the Right to Vote on Taxes Act. These popular propositions put limits on how much can be extracted from taxpayers by capping annual increases in property taxes, requiring a two-thirds vote of the Legislature to raise state taxes and guaranteeing the right of voters to have the final say on local tax increases.

It is easy to see why these taxpayer protections are despised by the grasping political class and their government-employee union allies. This is also why taxpayers will have to work hard to preserve them. □

ATRM Report

Unfunded Public Pension Liabilities Near \$5.6 Trillion

Official Government Figures Vastly Overstate Pension Funding Levels

U.S. states are now facing a \$5.6 trillion pension funding hole, according to a new report from State Budget Solutions (SBS), a project of the American Legislative Exchange Council (ALEC) Center for State Fiscal Reform. Unfunded liabilities have increased roughly \$900 billion since the last SBS estimate of \$4.7 trillion in 2014.

“State Budget Solutions has warned for years that states need to adopt a reality-based approach to pension accounting,” said Jonathan Williams, vice president of the ALEC Center for State Fiscal Reform and coauthor of the study. “As this report illustrates, all 50 states are still counting on overly rosy investment returns.”

Collectively, the 50 states' unfunded liabilities amount to \$17,427 for every U.S. man, woman and child. California's unfunded liability is nearly one trillion dollars, which makes each resident's share \$24,424, ranking it 43rd worst out of all 50 states.

“The failure of states to adequately fund their pensions

threatens the financial security of retirees and taxpayers alike,” said Bob Williams, a senior fellow at State Budget Solutions and coauthor of the report. “As we saw in Detroit — and more recently Puerto Rico — when the money runs out, something has to give.”

State Budget Solutions evaluated more than 280 public pension plans found in state-level financial reports and found that, on average, state pension funds are projecting annual returns of 7.37 percent. To determine each plan's true unfunded liabilities, SBS utilized a risk-free rate of 2.344 percent, in conformity with recommendations from the Society of Actuaries' 2014 Blue Ribbon Panel.

To download a copy of the report and to see individual state data, visit ALEC.org/PensionDebt2016. □

The American Tax Reduction Movement was founded by Howard Jarvis. Members of ATRM and HJTA enjoy dual membership.



Howard Jarvis
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Visit the HJTA website at www.hjta.org.

Thank you to all HJTA Members for making this work on your behalf possible.



HJTA attorney Brittany Sitzer and California Chief Justice Cantil-Sakauye. The justice was a speaker at Sacramento State's Center for California Studies program in civic engagement.

HJTA ACCOMPLISHMENTS MADE

Our mission

The Howard Jarvis Taxpayers Association is dedicated to the protection of Proposition 13 and the advancement of taxpayers' rights, including the right to limited taxation, the right to vote on tax increases and the right of economical, equitable and efficient use of taxpayer dollars.

Our beginnings

After years of work by tax revolt leaders Howard and Estelle Jarvis, Proposition 13 was overwhelmingly approved by voters on June 6, 1978. But Howard and Estelle knew that taxpayers' gains would be temporary without a permanent citizens organization to protect Proposition 13 and to continue the movement against higher taxes. To meet this need, they founded the Howard Jarvis Taxpayers Association (originally called the California Tax Reduction Movement).

Although Howard Jarvis passed away in 1986 and his wife Estelle in 2006, the Howard Jarvis Taxpayers Association continues their important work.

And with the constant pressure from government for higher taxes, the Howard Jarvis Taxpayers Association's role as the legal and political watchdog of Proposition 13 is more important than ever.

Our accomplishments

Working through the Legislature, courts and ballot initiatives, the tax-fighting work of the Howard Jarvis Taxpayers Association has saved Californians billions of dollars. Estimates are that Proposition 13 has saved California taxpayers over \$528 billion. And when you add in all the other HJTA victories, the average California family of four has saved more than \$60,000 as a direct result of the activities of Howard Jarvis and the Howard Jarvis Taxpayers Association!

Estimated tax savings for California

From Proposition 13 alone:

\$528 billion for California taxpayers

From Proposition 13 and other HJTA victories:

Over \$60,000 for the California family of four

Here are just a few examples of the many legal victories and successful tax-reduction campaigns led by Howard Jarvis and the Howard Jarvis Taxpayers Association:

1978	Howard Jarvis helped lead the campaign to pass Proposition 13, which has saved Californians an estimated \$528 billion and allowed millions of Californians to keep their homes.
1981	Through our national arm, the American Tax Reduction Movement, we delivered more than one million petitions to Washington supporting President Reagan's 25% cut in federal income taxes.
1982	We passed Proposition 7, income tax indexing, which prevents state income taxes from being raised by inflation. Estimated tax savings: \$82 billion.
1986	We passed Proposition 62, which strengthened the taxpayers' right to vote on local tax increases.
1986	We supported Proposition 60, which saves senior citizens thousands of dollars when they retire and move.
1990–92	We led the successful legal defense of Proposition 13 against three major court challenges, including the case of <i>Nordlinger v. Hahn</i> , which was heard by the United States Supreme Court.
1993	We waged the campaign against Proposition 170, a ballot measure sponsored by the Legislature that would have reduced the vote to pass local bonds and raise property taxes from two-thirds to a simple majority. Proposition 170 was voted down with 69% of the vote.
1994	We successfully campaigned against Proposition 180, which would have cost taxpayers \$3.5 billion to purchase land for special interests.
1996	We sponsored and passed Proposition 218 — the Right to Vote on Taxes Act — to restore and expand taxpayer protections provided by Proposition 13.
2003	We went to court and successfully blocked an illegal \$1.9 billion bond that the state was attempting to issue to cover its expenses. The taxpayers would have been obligated to repay principal and interest.
2004	We led the fight that defeated the powerful public-employee-union campaign behind Prop. 56 — a direct attack on Proposition 13 that would have made it way too easy to increase taxes.

POSSIBLE BY OUR MEMBERS



2006	We led the successful campaign that defeated Prop. 88, which would have imposed a new state tax on all California property owners.	2012 <i>(continued)</i>	HJTA sued CSU Monterey and Monterey Peninsula College for using public funds and students' school e-mail addresses to campaign for passage of the governor's sales and income tax measure, Prop. 30, the largest state tax hike in American history. Both schools quickly settled, agreeing to repay the misspent funds and to refrain from such advocacy in the future.
2008	After the Legislature wrote its own ballot label, title and summary, which read like campaign advocacy for the \$9 billion bond to provide seed money for high-speed rail, we sued on the grounds that voters have a right to elections free of governmental manipulation. The Court of Appeal, in a precedent-setting decision, ruled that the Legislature may not write its own ballot materials.	2012–17	We filed a class action lawsuit against the state on behalf of more than 850,000 homeowners over an illegal "fire tax" passed without Proposition 13's requirement of a two-thirds vote. Despite the state's delaying tactics, the suit is moving slowly forward.
2009	By defeating Proposition 1A, we stopped the largest tax increase ever proposed by any state in the history of America.	2013–14	We blocked five bills in the State Senate and another two in the Assembly — each of which was designed to undermine Proposition 13. Passage of these bills could have cost every California homeowner thousands of dollars.
2009–12	We successfully defended Proposition 13 in the Superior Court, the Court of Appeal and the California Supreme Court against a suit that was filed by former UCLA Chancellor Charles Young to have the landmark tax-limiting measure declared unconstitutional.	2015	HJTA sponsored legislation to require officials to provide more information to voters on local tax measures, which was signed into law.
2010	We helped lead the effort to pass Proposition 26, a measure that stops the state and local governments from disguising taxes as "fees" as a way to avoid voter approval. We also defeated California Proposition 21, an increase in the Vehicle License Fee.	2016	HJTA's lobbying efforts fought off Senate Bill 8 (Hertzberg), a multi-billion-dollar tax on services.
2011	<p>On the final night of the legislative session, we stopped Jerry Brown's last-minute plan to jam a billion-dollar tax increase through the Legislature. Governor Brown was so angry that he directly blamed your HJTA as the reason his plan failed. (We're happy to take credit for stopping it!)</p> <p>At a time when skyrocketing pension costs were bankrupting municipalities amid rumors that many public employees were retiring at relatively young ages with lifetime six-figure pensions, we joined forces with California Foundation for Fiscal Responsibility in asking for public disclosure of pension information for all retirees receiving \$100,000 per year or more. When retirement systems and employee unions denied our requests, we successfully sued them to establish a precedent that such payments become public record.</p>		
2012	In the courts, in addition to beating back a major challenge to Proposition 13's constitutionality, we commenced a legal challenge to the massive bond sale for California's High-Speed Rail project (this boondoggle no longer looks anything like what the voters originally approved in 2008).		

Additionally:

- Recent lawsuits by HJTA have saved taxpayers nearly \$4 billion.
- HJTA maintains a full-time presence in Sacramento to lobby against bills that are bad for taxpayers and to promote those that improve taxpayer protections.
- Our Political Action Committee has played an important role in the successful campaigns of those who have pledged to support Proposition 13 and hold the line on taxes.
- The Howard Jarvis Taxpayers Foundation has sponsored presidential debates, conferences on tax policy issues, and numerous studies on such subjects as the impact of Proposition 13 on local government, and the benefits to state and local governments of contracting out to the private sector for certain services.

HJTA is the Taxpayers' Resource

www.hjta.org

REPORT FROM THE CAPITOL

UNDER THE DOME: Legislature ends pre-election session with mixed results

By David Wolfe, HJTA Legislative Director

The Legislature ended its two-year session on August 31 pretty much the way it ends every two-year session: going deep into the night approving legislation that has been barely analyzed and that has negative consequences for taxpayers. Often, taxpayers don't immediately grasp the implications of late-night lawmaking because, like normal sane people, they are asleep when these bills are passed after midnight.

This explains why, every August, I keep the coffee companies in business as I, too, work well into the night as your advocate. Other than HJTA, nobody else is fighting for average taxpayers in the halls of the State Capitol.

The Legislature approved many bills this year under cover of darkness, including Assembly Bill 2153 by Assembly Member Cristina Garcia. This bill imposes a new, permanent \$2 tax on the purchase of every car battery. Purportedly, the money is supposed to go to the legitimate purpose of cleaning up contamination of lead at facilities that recycle these batteries. The only problem is that there is no requirement that the money be spent for this purpose. It could easily be diverted to the General Fund and used to fund any program.

This is the fourth tax approved by the Legislature in the last five years, which demonstrates that, unfortunately, raising taxes is becoming a bipartisan activity. It is also a reminder of the importance of Proposition 13's requirement of a two-thirds vote of lawmakers to increase state taxes. The two-thirds vote is the only bulwark preventing the Legislature from going crazy and imposing massive new burdens on taxpayers.

Assembly Bill 2153 is one of four two-thirds-vote bills HJTA opposed this year that were approved by at least one house of the Legislature. Other examples include a \$3 billion park bond and a bill that would mandate that your tax dollars go to fund political campaigns.

Beyond taxes, government was

also used this year to strip away taxpayer protections. Assembly Bill 2492 (Alejo), also signed by Governor Brown, would make 80 percent of the state eligible for the taking of our property through eminent domain. When the governor eliminated state redevelopment in 2011, it is clear now he did it just for the General Fund savings and not because he values your property rights as a home or small business owner.

Another bill signed by the governor, Assembly Bill 1889, allows for the spending of High-Speed Rail bond money on projects that do not lead to the construction of a "usable segment" of the High-Speed Rail line. This will only serve to waste more taxpayer dollars on what has become a boondoggle project.

Also signed was Assembly Bill 1921, which allows anybody, not just immediate family members, to turn in an unlimited number of absentee ballots on behalf of others on Election Day. The obvious concern here is that this could lead to either voter fraud or illegal harvesting of absentee ballots and thus could manipulate close elections.

Of course, not all the news was bad in 2016. Thanks to the advocacy of HJTA Members making thousands of phone calls, Senate Bill 1298, legislation that would have eliminated your ability to vote on stormwater assessments, never even made it to the governor's desk. Had the bill been approved, it would have led to much legal confusion because this state statute runs afoul of the HJTA-sponsored Proposition 218, which is in the California Constitution. Also, both of the active constitutional amendments directly targeting Proposition 13 failed to even come up for a vote in 2016.

The governor vetoed a bill HJTA opposed, SB 1094, that would have required unpaid volunteers to gather at least five percent of the signatures to qualify an initiative. Not only do the costs of coordinating volunteers tend to be more expensive, but SB 1094



Heavy taxes on November ballot.

also exempted public-employee unions from needing to abide by this requirement. This special interest exemption is pointless. Unions should be required to jump through all the same hoops as other nonprofit organizations like HJTA.

I'm also pleased to report that Governor Brown signed both of our sponsored bills, Assembly Bill 1891 and Assembly Bill 2801, which were discussed in the last issue of *Taxing Times*. However, after that issue was published, I received a number of inquiries from HJTA Members seeking clarification on AB 1891, and realized that I probably could have explained the bill better. So here goes.

Even prior to AB 1891, most school districts allowed people over the age of 65 to exempt themselves from paying education parcel taxes that were approved by voters. A notice is required to automatically be sent annually in the mail, and eligible taxpayers could opt out of paying parcel taxes at that point. However, the opt-out provision was confusing. Some school districts said you only needed to opt out one time and it was permanent.

Other districts forced you to opt out each year. If taxpayers missed the deadline, they didn't get the exemption. AB 1891 removes this guesswork. Starting next year, as long as you fill out the opt-out form once, you should never have to do so again.

To be clear, the opt-out only applies to education parcel taxes and not K-12 school facilities bond measures. If you've never received a notice in the mail, your school district probably does not have education parcel taxes. HJTA Members should call school districts to get more information.

It's hard to believe, but by the time you read this, I will have celebrated my ten-year anniversary at HJTA. Time has flown by, my responsibilities have changed and broadened. Although every day presents new challenges, one thing remains constant: we will continue to fight to ensure that taxpayers have a strong voice in the State Capitol.

It remains a pleasure to serve you. Feel free to call me anytime at (916) 444-9950 with your questions. □

2016 HJTA LEGISLATIVE REPORT CARD

Our report card is designed to help Californians gauge how their state representatives are actually performing on taxpayer-related issues, both positive and negative. Positive proposals include bills that clarify the parcel tax exemption process for seniors and create additional campaign finance transparency. Negative bills include a car battery tax increase, which we chose to double-weight in our scoring, and numerous bills that serve to undercut the ballot initiative process.

Seven legislators received perfect scores in 2016: **Assembly Republican Leader Chad Mayes, and Assembly Members Shannon Grove, Jay Obernolte, Matt Harper and Don Wagner. They were joined on the Senate side by Ted Gaines and Jim Nielsen. Assembly Member Matt Dababneh** was the highest scoring Democrat, thanks to his authoring of Assembly Bill 1891, an HJTA-sponsored proposal.

The 2016 scores stem from 22 bills. For more information about our methodology and scoring system, e-mail Legislative Director David Wolfe at david@hjta.org.

SENATOR SUMMARY			
SENATOR	PARTY	GRADE	%
Allen	D	F	19.1
Anderson	R	A	93.3
Bates	R	A	96.5
Beall	D	F	25.7
Berryhill	R	B	84.8
Block	D	F	26.1
Cannella	R	D	55.6
De Leon	D	F	26.1
Fuller	R	A	97.9
Gaines	R	A	100
Galgiani	D	F	33.3
Glazer	D	F	21.7
Hall	D	F	18.8
Hancock	D	F	17.2
Hernandez	D	F	26.7
Hertzberg	D	F	22.3
Hill	D	F	24
Hueso	D	F	31.2
Huff	R	D	60.8
Jackson	D	F	23.1
Lara	D	F	26.7
Leno	D	F	24
Leyva	D	F	25.9
Liu	D	F	25
McGuire	D	F	20.7
Mendoza	D	F	22.2
Mitchell	D	F	23.9
Monning	D	F	27.1
Moorlach	R	B	85.5
Morrell	R	A	91.7
Nguyen	R	A	93.4
Nielsen	R	A	100
Pan	D	F	22.9
Pavley	D	F	26.6
Roth	D	F	31.5
Runner	R	N/A	0
Stone	R	A	95.8
Vidak	R	A	99.4
Wieckowski	D	F	24.1
Wolk	D	F	20.8

SENATOR SUMMARY:

A = 9 (90–100%)

B = 2 (80–89%)

C = 0 (70–79%)

D = 2 (51–69%)

F = 26 (0–50%)

ASSEMBLY MEMBER SUMMARY:

A = 18 (90–100%)

B = 6 (80–89%)

C = 5 (70–79%)

D = 1 (51–69%)

F = 50 (0–50%)

ASSEMBLY MEMBER SUMMARY							
ASSEMBLY MEMBER	PARTY	GRADE	%	ASSEMBLY MEMBER	PARTY	GRADE	%
Achadjian	R	C	72.3	Harper	R	A	100
Alejo	D	F	26.7	Hernandez	D	F	28.5
Allen	R	A	98.5	Holden	D	F	25
Arambula	D	F	23.1	Irwin	D	F	25.9
Atkins	D	F	24.1	Jones	R	A	96.6
Baker	R	C	75	Jones-Sawyer	D	F	26.9
Bigelow	R	A	98.2	Kim	R	A	91.7
Bloom	D	F	25.9	Lackey	R	B	84.6
Bonilla	D	F	21.2	Levine	D	F	19.2
Bonta	D	F	24.1	Linder	R	C	75.7
Brough	R	A	98.4	Lopez	D	F	22.4
Brown	D	F	27.6	Low	D	F	25.8
Burke	D	F	27.5	Maienschein	R	B	87
Calderon	D	F	27.8	Mathis	R	A	94.9
Campos	D	F	25.9	Mayes	R	A	100
Chang	R	B	80.4	McCarty	D	F	23.2
Chau	D	F	24.1	Medina	D	F	27.6
Chavez	R	A	92.6	Melendez	R	A	96.5
Chiu	D	F	26.5	Mullin	D	F	18.9
Chu	D	F	25	Nazarian	D	F	24.9
Cooley	D	F	21.2	Obernolte	R	A	100
Cooper	D	F	14.8	O'Donnell	D	F	27.3
Dababneh	D	C	36.2	Olsen	R	C	71.3
Dahle	R	A	98.2	Patterson	R	A	98.4
Daly	D	F	31	Quirk	D	F	21.7
Dodd	D	F	30.4	Rendon	D	F	25.9
Eggman	D	F	28.8	Ridley-Thomas	D	F	30
Frazier	D	F	25.8	Rodriguez	D	F	25
Gaines	R	A	93.9	Salas	D	F	33.3
Gallagher	R	A	90.8	Santiago	D	F	25
Cristina Garcia	D	F	29.6	Steinorth	R	A	91.1
Eduardo Garcia	D	F	28.6	Stone	D	F	25.9
Gatto	D	D	53.6	Thurmond	D	F	24.1
Gipson	D	F	27.6	Ting	D	F	25.9
Gomez	D	F	26.7	Wagner	R	A	100
Gonzalez	D	F	25.9	Waldron	R	B	86.3
Gordon	D	F	23	Weber	D	F	27.2
Gray	D	F	37	Wilk	R	B	85.2
Grove	R	A	100	Williams	D	F	20.4
Hadley	R	B	80	Wood	D	F	25

Only policy committee and floor votes are included in the scorecard.

Senator Runner did not receive a grade in the 2016 scorecard.

Assembly Member Dababneh automatically improved his grade to a "C" for his carrying of Assembly Bill 1891.

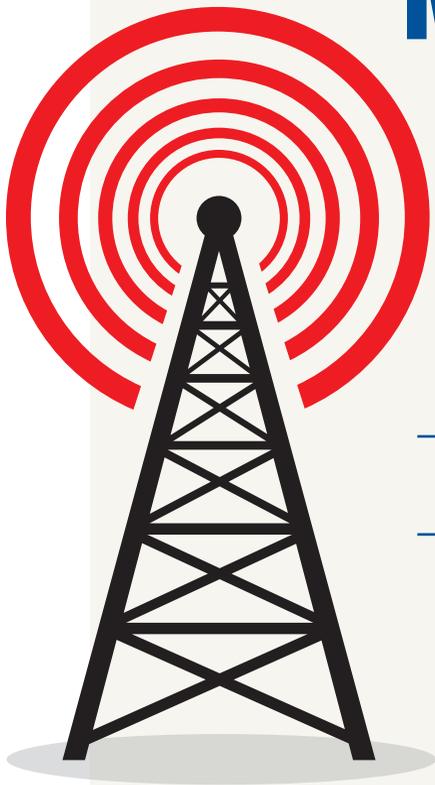
Regarding AB 1889, only votes taken after August 1 are included due to its being a gut-and-amend proposal.

Regarding AB 2153, only final floor votes in the Assembly and Senate are included.

AB 2153 votes are double-weighted due to its being a car battery tax.

Abstention votes are given half credit in the scorecard.

MORE HJTA RADIO



After the successful three-week radio campaign in the spring, HJTA went on the offensive again with a two-week statewide campaign in late summer. This ad was designed to reach and recruit new home-buyers to support Proposition 13. Broadcasting these ads was made possible by the support of HJTA Members.

:60

RADIO SCRIPT



This is Jon Coupal, president of the Howard Jarvis Taxpayers Association.

Many Californians under the age of 50 do not remember the great tax revolt of 1978 that passed Proposition 13, the landmark measure that limits property taxes and allows local voters to have the final say on new taxes.

By limiting annual increases, Proposition 13 makes property taxes predictable from year to year. And this doesn't just benefit senior citizens who worry about losing their homes. It benefits all homeowners.

For example, a family who bought their home just five years ago in 2011 has already seen significant tax savings. Today, the median sales price is 79 percent higher. Under the old property tax system, based on current value, the family who bought their home in 2011 would have seen their taxes nearly double in just five years.

To download a free guide to your rights under Proposition 13, go to *hjta.org*. That's *hjta.org*.

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: _____

This column appeared in a number of California newspapers.

HIGH-SPEED RAIL IS 'ON TRACK' TO INCUR BILLIONS IN OVERRUNS

California Commentary from the Howard Jarvis Taxpayers Association – August 21

High-speed rail continues to be an expensive, sick joke for California. Under the current plan, it is no longer “high-speed,” and projected costs, which seem to change almost daily, appear to be doubling.

In the latest news, the nascent California high-speed rail system is running \$50 million over budget for a two-mile stretch in Fresno.

Let that sink in for a moment.

\$50 million, over budget, for just a two-mile stretch.

Let's see, HSR has a \$50,000,000 cost overrun on 2 miles of a 32-mile job. Does that mean we can expect a total cost overrun of \$25 million per mile times 32 miles or \$800,000,000?

Better yet, let's extrapolate that to the entire project. You know, the one sold to voters. According to High-Speed Rail Authority itself, over 800 miles of track are needed. So, at \$25 million of cost overruns

per mile, that works out to \$20,000,000,000. That's \$20 billion in cost overruns!

In just three years, from the original passage of Proposition 1A authorizing about \$10 billion in High-Speed Rail bonds, the estimated cost for high-speed rail had gone from \$40 billion to \$98 billion, the amount that independent expert analysis had predicted prior to the bonds' being approved.

Responding to public outrage, the High-Speed Rail Authority came up with a plan costing “only” \$68 billion. The new “blended” system would combine high- and low-speed rail, doubling the travel times as well as ticket prices.

Fearing a voter revolt, the High-Speed Rail Authority rushed to break ground, hoping that once they dug a hole, the pet project of Gov. Brown and the majority of Sacramento lawmakers, who receive backing from construction contractors and labor unions that expect

to be the primary beneficiaries of billions of dollars of public spending, would be safe from outside interference.

By beginning a first segment between Merced and Fresno, the rail authority engaged in the classic Willie Brown strategy. The former Assembly Speaker, in a moment of candor, once told the *San Francisco Chronicle*, “In the world of civic projects, the first budget is really just a down payment. If people knew the real cost from the start, nothing would ever be approved. The idea is to get going. Start digging a hole and make it so big, there's no alternative to coming up with the money to fill it in.”

Constant cost overruns and a lack of accountability plague California's infrastructure projects. Perhaps, as a public service, it should be required that Brown's words be reprinted in every ballot summary for every construction bond placed before the voters. □

TAX BYTES

PAID WHILE NOT WORKING

A report from the Associated Press reveals that lawmakers have been collecting thousands for cost of living, on top of their salaries, while absent. California has loosely worded rules that allow lawmakers — the highest paid in all 50 states — to collect those payments regardless of whether they even show up for work.

PAYING INTEREST ON UNUSED MONEY

For years Los Angeles has stockpiled millions of dollars in money from the sale of bonds, forcing taxpayers to shell out at least \$54 million in “unnecessary” interest payments on the dormant money, reports the *Los Angeles Times*.

HO HUM, ANOTHER COST OVERRUN

To make room for the bullet train, Caltrans is moving a two-mile stretch of Highway 99. So far this project is \$35 million over original estimates, reports the *Fresno Bee*. Sadly, stories like this are so common, they come as no surprise.

RUNNING AND JUMPING WITH TAXPAYER DOLLARS

Gov. Brown has signed legislation that requires taxpayers to bail out Los Angeles to the tune of \$250 million if the city is awarded the 2024 Olympics and the games go over budget.

LITTLE THINGS ADD UP

State Auditor Elaine Howle says she hopes the investigation into whistle-blower complaints about numerous examples of state government waste and misuse of taxpayer dollars will deter wrongdoing. Among the findings, a state worker was reimbursed \$75,000 for driving to work.



HJTA Executive Director Kris Vosburgh and Lou Penrose, Executive Director of the Apartment Association of Orange County. At the AAOC general membership meeting, Vosburgh spoke of the importance of communicating the benefits of Proposition 13 to renters and younger people.



Howard Jarvis
Taxpayers Association

MAKING IT EASY...

To learn about:

Proposition 13

Your property tax bill

Important taxpayer issues

To make Proposition 13 and other important taxpayer issues easy to understand, the Howard Jarvis Taxpayers Association is producing a series of short videos.

Go to www.hjta.org and pull down the *Resources* menu and click on *Prop. 13 Educational Videos*. We are making it easy!

Start with “Proposition 13: The Basics in 2 Minutes” and HJTA President Jon Coupal will help you become an expert about your rights as a taxpayer.

Watch additional videos for more information.

New videos on taxpayer issues are in the process of being produced, so check back regularly.



HJTA is the Taxpayers' Resource

www.hjta.org