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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 3 ★ Fall 2019

## BALLOT MEASURE THREATENS FRACTURE OF PROPOSITION 13

Supporters of higher taxes are hoping an initiative that has qualified for the November 2020 ballot will open a crack in Proposition 13 and draw more revenue from California property owners.

The initiative, titled the “California Schools and Communities Funding Act,” would create a “split roll” for property taxes. Currently, all

properties in the state are taxed under the same rules. This measure would split the property tax roll into two categories, residential and commercial, and strip Proposition 13’s protection away from commercial properties.

As a result, business properties such as supermarkets, office buildings, warehouses, factories, shopping centers, auto dealerships, medical offices, self-storage

facilities, gas stations, hotels and restaurants would see their property tax assessments raised to market value. For many if not most, that would be a huge jump from their current assessment under Prop. 13, which is based on the purchase price of the property plus annual increases in assessed value capped at 2%. Following this massive tax increase, commercial properties would be

reassessed to market value on a regular basis.

This would be a tax increase on California businesses of approximately \$11 billion annually, according to the measure’s proponents. Consumers can expect sharply higher prices, as even the smallest donut shop and mall kiosk find their monthly rent raised to reflect the landlord’s

*Continued on page 11*



## A MAJOR VICTORY FOR TAXPAYERS IN LOS ANGELES!

### MEASURE EE TAX HIKE GOES DOWN TO DEFEAT

Taxpayers in Los Angeles won a dramatic victory on June 4 when voters said no to a huge increase in property taxes placed on a special-election ballot by the Los

Angeles Unified School District.

Measure EE would have imposed a new parcel tax of 16 cents per square foot of

*Continued on page 7*

**Taxing Times**



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**Your Questions Answered**

*See page 3*

**In Memoriam: Trevor Grimm**

*See page 5*

**Under the Dome: Taxes Beaten Back**

*See page 6*

# PRESIDENT'S MESSAGE

## MEASURE EE FAILURE COULD BE A TURNING OF TAX TIDE

By Jon Coupal

Against formidable odds, taxpayers scored a significant victory in June against big progressive interests. Measure EE, sponsored by the Los Angeles Unified School District, would have imposed a \$500 million annual property tax on all property owners within the district's boundaries.

Because the tax was being advanced by the second-largest school district in the nation, its potential impact was obviously huge. But Measure EE was more than just a local tax proposal. The outcome of the election was bound to have ramifications throughout the state, not just in Los Angeles. That is why so many political interests were watching the campaign and its outcome so closely.

LAUSD backers claimed that they had a huge disadvantage because Measure EE, as a "special tax" under Proposition 13, needed a two-thirds vote of the voting electorate to pass. This complaint is not compelling given that EE didn't even receive a simple majority of those voting.

Against this claimed dis-

advantage, let's balance all the advantages possessed by the Measure EE proponents. The first is money. At latest count, it appears that the backers spent five times more than the opponents. It is always easier to raise campaign funds from those who stand to personally benefit financially from a ballot measure because the return on investment is so high. Public-sector labor unions, especially the teachers' union, were the biggest contributors. Also contributing to help pass the tax hike were various interests that do business with the city and were vulnerable to "requests" or retaliation from Mayor Eric Garcetti. Only a fool would believe that most of these campaign contributions were truly voluntary.

The second advantage also has to do with money, but not your typical campaign contributions. No, this has to do with the extraordinary amount of taxpayer dollars and resources expended by the district to push Measure EE. Displaying large banners on school grounds, using school children as political conduits to

their parents with pro-Measure EE "informational" material, requiring teachers and staff to engage in thinly disguised campaign activity — all of this gave proponents a huge public-relations advantage relative to the opponents.

The third advantage proponents had was the power of the L.A. political establishment. Garcetti made passage of Measure EE a top priority, and he spent a lot of political capital supporting it.

Despite all these advantages, LAUSD was also the victim of multiple self-inflicted screw-ups. For instance, the language of Measure EE placed before the voters didn't match what the LAUSD board actually approved in the official resolution. This not only drew a lawsuit from opponents but raised real issues about what property was actually being taxed.

Unlike the proponents' campaign, the opposition campaign was nearly flawless, notwithstanding the relative disadvantage in dollars. The message came through clearly that LAUSD had failed to enact any reforms to address its

structural deficit. Thanks to a coalition of the business community and ordinary taxpayers whose interests were being advanced by the Howard Jarvis Taxpayers Association, voters saw the real threat that Measure EE presented, not only to their interests but also to the broader interests of education in Los Angeles, by giving the district a free pass on ignoring meaningful reforms.

There are many takeaways from the Measure EE fight. First and foremost, it is possible to win a tax fight in a progressive jurisdiction as long as the voters are well informed about the underlying issues. Overcoming the tired "it's for the kids" mantra isn't easy, but voters no longer reflexively support higher taxes if they perceive that it really isn't helping the kids.

Another takeaway is that the abysmal failure of EE has reverberated throughout California and caused the education establishment to rethink the entire strategy of "let's first strike and then ask for a tax hike." If that model doesn't work in Los Angeles, it probably won't work elsewhere. □

Howard Jarvis  
XIII Taxpayers Association

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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](http://www.hjta.org) and click on "Take Action," then 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](mailto: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*
- The Stanley E. Corbin Trust
- The V. Lorel Bergeron Trust

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



# YOUR answered

## WHAT CAN I DO TO HELP PROTECT PROPOSITION 13?

One of the questions we're asked most often is, "How can we educate more people about the importance of protecting Proposition 13? My neighbors don't even know what it is!"

To help answer this question, HJTA has a new Neighborhood Handout that you can print and give to friends, family members and neighbors to tell them about Prop. 13 and why the Howard Jarvis Taxpayers Association works so hard to protect it. The handout explains in plain language that Proposition 13 has saved the homes of millions of people by capping annual increases in property taxes.

Many people can't even imagine what their property taxes would be today if we didn't have Proposition 13, so we made sure the Neighborhood Handout includes the link to our carnival-style "Guessing Game" tax calculator, at <http://GuessingGame.org>. Invite your neighbors to see it on their phones or computers. All they have to do is enter the current market value of their home and click the button, and they'll see the shocking property tax bill they'd be paying today if Proposition 13 had never been passed.

The Neighborhood Handout

highlights that HJTA also fights in the courts to stop illegal fees, charges and taxes and stands up against proposed laws and ballot measures that threaten to raise taxes on California families, who already pay the highest state taxes in the country.

The handout includes information about some of the benefits of becoming a Member of HJTA while helping to strengthen the voice of taxpayers in California. Your neighbors can use the convenient tear-off membership application to join right away.

You can find the Neighborhood Handout on our website at <https://www.hjta.org/neighborhood-handout> or go to [www.hjta.org](http://www.hjta.org) and click "Tell a Friend." You can also request copies by calling our offices at 213-384-9656 or 916-444-9950, or by e-mailing your request to [info@hjta.org](mailto:info@hjta.org).

Another question that has been frequently asked lately is, "What's the plan for the campaign against the split-roll initiative that attacks Proposition 13? Will HJTA have TV and radio commercials to educate voters?"

This question relates to an initiative that has qualified for

the November 2020 statewide ballot. Currently titled the "California Schools and Communities Funding Act," the initiative would amend the California Constitution to change Proposition 13, stripping its protections from business properties. County assessors would be required to reassess commercial and industrial properties to market value, not just once but every few years.

This would be a destructive tax increase on every business in California at the same time. It would chop Proposition 13 in half, "splitting" the property tax roll to separate business and residential property. Of course, we believe the activists who want to raise taxes won't stop there. Residential property owners will be the next target.

In June, your Howard Jarvis Taxpayers Association helped to defeat a property tax increase in Los Angeles, Measure EE, by running a very effective campaign alongside a separate campaign that was supported by local business groups. To do that again in a far more expensive statewide campaign, we'll need your help.

California law has specific rules for raising and spending

money on a ballot measure campaign. Our special campaign committee, which is named "Protect Prop. 13," was set up for that purpose. Your donations to that committee will help pay for radio and TV ads, campaign mail, yard signs, bumper stickers and all the other elements of a successful grassroots campaign, much like the one that passed Proposition 13 in 1978.

To make a donation to the Protect Prop. 13 committee, go online to [www.hjta.org](http://www.hjta.org) and click the blue button that reads, "Support the Campaign to Protect Prop. 13." You can also find that page on our website at [www.hjta.org/ProtectProp13](http://www.hjta.org/ProtectProp13). That's where you can download our flyer, "What Is 'Split Roll,' and Why Should I Be Terrified of It?" You may want to print it and share it with your neighbors. We also invite you to sign up if you'd like to volunteer on the campaign, and please reserve a free "Protect Prop. 13" yard sign. We'll let you know when they're available.

When it comes to fighting for taxpayers in California, our work is never done, and we never stop doing it. But we couldn't do it without you. Thank you!

# CALIFORNIA'S STATEWIDE PRIMARY IS MARCH 3, 2020



Californians accustomed to voting in the statewide primary in June may be surprised to learn that, for 2020, the state has moved its primary earlier on the calendar. The date of the California primary is March 3, and candidates are already beginning to file papers to get on the ballot.

HJTA will invite candidates for all offices to sign our Pledge to Stand Up for Taxpayers. We think you deserve to know which candidates have pledged to support Proposition 13, the initiative process, the right to vote on taxes, and the two-thirds vote requirement to pass bonds that will be repaid with the tax dollars of property owners.

The names of candidates who have signed the Pledge to Stand Up for Taxpayers will be listed on the [www.hjta.org](http://www.hjta.org) website under "Election Information – For Voters."

The HJTA-PAC board will continue its policy of making selected endorsements in state legislative and statewide races, as well as ballot measure recommendations. Those will be listed on the [www.hjta.org](http://www.hjta.org) website as well.

We hope this information helps all voters make an informed decision on Election Day. □

# THE LEGAL FRONT

## A SURPRISE TRIP TO THE CALIFORNIA SUPREME COURT

By Laura Dougherty, HJTA Senior Staff Attorney

It's not easy to get a case to the California Supreme Court, but apparently it's possible to wind up there unexpectedly. Eugene Plantier and I have this in common, even though I've never met the man and his case wasn't mine.

In *Plantier v. Ramona Municipal Water District*, ratepayer and restaurant owner Eugene Plantier found himself taken to the high court on a strange theory created by his water district. In the end, it would leave the water district with egg on its face.

Mr. Plantier challenged the equivalent dwelling unit (EDU)-based rate structure for wastewater charges, under Proposition 218's proportionality rules. His

whatever procedures are available with the local agency to resolve an issue so that hopefully it will be worked out or at least clarified before it gets to court, if it even needs to. If you don't "exhaust administrative remedies," your case can be dismissed.

Though the trial court agreed with the water district and would have ended Mr. Plantier's case, the court of appeal did not agree and said that Mr. Plantier should have his day in court. The water district then petitioned the California Supreme Court. When the Supreme Court granted review, HJTA was worried that it might reverse a well-reasoned decision.

Backtracking to one of my first few months at HJTA, I remember when our legal director, Timothy Bittle, was writing our *amicus* (friend of the court) brief to the court of appeal. He came to my desk to show me the protest provision for water rates in Proposition 218 and asked me, "Do you think this is an administrative remedy?" I read it as an attorney and as an ordinary person and immediately reacted, "No way, that's just a veto power." Little did I know that my word choice "veto" would eventually make its way into the California Supreme Court opinion on the case, and that I would get to argue the point in person to its seven justices.

When the court of appeal published its decision, it made special mention of Tim's *amicus* brief in a footnote: "We found the *amicus* brief of Howard Jarvis Taxpayers Association—the author and principal sponsor of Proposition 218—particularly useful in resolving this case." The office felt a surge of pride. Then the Supreme Court granted review.

While Tim was still pretty busy preserving taxpayers' Proposition 218 rights in other ongoing cases, I had some extra ideas about the administrative remedies theory. So I volunteered to draft our *amicus* brief to the California Supreme Court. That sealed my fate. A year later, Mr. Plantier's attorney asked for an HJTA attorney to join her at oral argument. Tim said, "Laura,



you wrote the *amicus* brief, so you go." And so I went.

That added to my workload for the next few weeks, to say the least. Privileges abounded. I collaborated with Mr. Plantier's attorney, Allison Goddard out of San Diego, who had been with him in the trenches from day one. I reached out to other attorneys who had argued before the high court and felt the warmth of collegial support. In the practice of law, warmth is a rather tough emotion to feel. As for oral argument itself, it was just as Ms. Goddard said it would be, "a cool, academic experience."

The water district's attorney

***A Prop. 218 rate protest is a "veto" power of the people.***

spoke first, and the seven justices immediately proceeded to tear apart her arguments (that's right; this was an all-female oral argument). They were on our side. I felt particularly sympathetic to opposing counsel when they asked her something like this (and please forgive my imperfect

memory): "Isn't the water district using a gotcha tactic? Isn't this like saying, 'Well, you forgot to put a stamp on the envelope, so too bad for you?'"

I had the last word on behalf of HJTA before her rebuttal. Mr. Plantier's attorney and I had agreed ahead of time, among other things, to emphasize that a Prop. 218 rate protest is a "veto" power of the people so that the Court could give a label to its true character. When the decision was published three months later, I felt a third emotion rare in legal practice — delight — in reading this passage by the blunt Justice Carol A. Corrigan:

This hearing process did what it is intended to do: give a majority of fee payors the chance to veto a rate increase and ensure the decisionmakers are aware of public opposition. It would be a meaningless exercise, however, to require a party to raise a methodological challenge at a hearing where the agency has no obligation to respond and cannot resolve the challenge.

After we had distilled and presented the key points from all the relevant case law to the high court in writing and in person, that about summed it up. Justice was served. □

***When the Supreme Court granted review, HJTA was worried that it might reverse a well-reasoned decision.***

experience: The district had been arbitrarily changing his restaurant's EDUs, and his bills were going wild.

The district stalled his court case with what the Supreme Court would later call a "gotcha!" tactic. The district told him he should have protested at the last rate-increase hearing, even though that increase had nothing to do with the EDU billing system and such a protest would not have helped him. Since he hadn't protested the latest rate increase, the water district said he could not continue his court case over the billing structure. The trial court agreed! Gotcha!

This legal argument is known as "failure to exhaust administrative remedies." Under that theory, you must first use





## IN MEMORIAM

TREVOR A. GRIMM  
1938-2019

It's with saddened hearts that we share the news of the loss of an irreplaceable and treasured member of the HJTA family.

Trevor A. Grimm, HJTA's longtime board member and general counsel, was instrumental in crafting the words that became Proposition 13, the most important taxpayer-protection measure in the history of California. As Howard Jarvis's attorney and a key founder of the Howard Jarvis Taxpayers Association, Trevor fought many battles and won important victories, helping to reshape state law to secure the right to vote on taxes.

He was part of the legal team that won a critical case in the United States Supreme Court to uphold the constitutionality of Proposition 13.

A graduate of Stanford University and USC School of Law, Trevor was admitted to the State Bar of California in 1963 and soon after became the general counsel of the Apartment Association of Greater Los Angeles. Three years later, he was sworn in as AAGLA's president.

Apartment owners and homeowners were allies in the fight to protect all California property owners from skyrocketing tax bills based on the market value of real estate. During the inflation-ravaged 1970s, governments were merrily collecting higher taxes based on "paper" profits. Beleaguered taxpayers were forced into higher tax brackets even as the real buying power of their money declined. Property values, too, were rising with inflation, and annual tax bills were soaring along with them.

Proposition 13 amended the California Constitution to limit increases in the assessed value of property to no more than 2% per year until there was a change in ownership, and it locked the statewide tax rate on property at 1%. Prior to Proposition 13, the statewide average tax rate on property was 2.67%.

Today, Californians might gasp at the thought of paying 2.67% of the market value of their home, every year, in property taxes.

People were certainly gasping at their tax bills in 1978 when the voters overwhelmingly approved Proposition 13, securing predictable taxation and allowing California families to keep their homes instead of being taxed out of them.

Trevor Grimm never sought the spotlight or the credit for the work he did to protect taxpayers, but we are fortunate to have had his wisdom and his counsel here at the Howard Jarvis Taxpayers Association and the Howard Jarvis Taxpayers Foundation. We wanted you to know how important he was to us, to you, and to the history of California.

Trevor passed away peacefully on June 30, surrounded by his family.

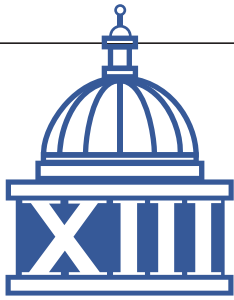
Trevor was a mentor and inspiration to all of us at HJTA. We will miss him more than we can express in words.



Trevor Grimm was honored at the 2018 HJTA Taxpayer Conference for his lifetime of work on behalf of taxpayers. *Left to right:* Former HJTA executive director Kris Vosburgh, HJTA president Jon Coupal, HJTA chairman of the board Craig Mordoh, former HJTA president Joel Fox.



# UNDER THE DOME



## Taxes Beaten Back, Proposition 13 Protected

By David Wolfe, Legislative Director

By the time you receive this issue of *Taxing Times*, the Legislature will be back from its summer recess and will be speeding toward the conclusion of the legislative year on September 13. About one thousand bills will ultimately find their way to Governor Gavin Newsom's desk. As this is his first year as governor, it will be intriguing to see which bills he signs and vetoes, and why. We'll have a full rundown of the positions important to taxpayers, as well as our annual Legislative Report Card, in the next issue of this newsletter.

*HJTA was at the forefront of a victory on the dreaded "water tax."*

For now, however, we have to view the Legislature based on what has occurred during the six months they've been in session. As I noted in the last issue, the prognosis of the legislative year was not very encouraging. Democrats had achieved a supermajority in both houses of the Legislature, and without the specter of an upcoming election to hold them accountable, 2019 seemed destined to become the year of the tax increase. However, as legislation began moving through the process this spring, many of the tax increase measures failed to move forward. These included:

- **Assembly Bill 18**  
Places a \$25 tax on the sale of a new firearm.

- **Assembly Bill 138**  
Imposes a two-cent-per-fluid-ounce tax on a wide variety of sweetened beverages that extend far beyond traditional soda. While two cents an ounce may not seem like much, if implemented, the tax would take \$2 billion annually out of the pockets of consumers.

- **Assembly Bill 755**  
Increases the existing tire fee for the purchase of new tires from \$1.75 to \$3.25.

- **Assembly Bill 1468**  
Imposes a \$100 million tax on opioid manufacturers to pay for opioid prevention and abuse treatment programs.

- **Senate Bill 128**  
While not a tax increase, this allows local agencies to approve Enhanced Infrastructure Financing District bonds, long-term debt lasting up to 45 years, without a vote of the people.

- **Senate Bill 246**  
Imposes an oil severance tax (taxing oil as it comes out of the ground) at a rate of 10 percent. This oil is already subject to property taxes and fees when it's in the ground, and California doesn't currently have an oil severance tax. The only state with a higher tax is Alaska, which doesn't have state income or corporate taxes.

- **Senate Bill 378**  
Imposes an up to 40 percent California estate tax on estates of \$3.5 million to \$11.4 million (double those amounts

for married couples). Californians voted to repeal the estate tax in 1982; as such, an additional statewide vote would be required to restore it. The tax increase is estimated to be \$1 billion.

- **Senate Bill 522**  
Currently, the sales tax in California applies only to goods and some services. SB 522 would extend the payment of sales tax to almost all business services, resulting in a \$10 billion tax increase.

It should be noted that while all these measures are dead for this year, nothing stops them from renewing their journey in 2020 because of the California Legislature's two-year session.

Two taxes are continuing to move forward, both with Republican legislative support. AB 142, beginning in 2022, imposes an additional \$1 point-of-sale tax on the purchase of car batteries, and makes this \$2 tax permanent. And Senate Bill 96, already approved by the Legislature as part of the state budget process, imposes a new tax surcharge of up to 80 cents per month on cell phones and other electronic devices capable of calling 911. This tax already existed for landlines but not other devices. The funds would go toward upgrading California's emergency service 911 system. Given recent fires and mudslides in the state, HJTA was not opposed to extending this surcharge to cell phones out of fairness. However, 80 cents per month and \$400 million a year, on a permanent basis, is far more money than required to upgrade the system and is a way to use a crisis to get more money from taxpayers.

HJTA was also at the forefront of a victory on the dreaded "water tax." While there have been many iterations of this bill during the last three years, the central theme included a \$1 per month

*ACA 1 makes it easier to increase property taxes by billions of dollars statewide by lowering the vote needed for approval of local bonds, sales taxes and parcel taxes from two-thirds of the electorate to only 55 percent.*

tax on nearly all residential water users. There are a million people in California without access to clean water, but a tax is not an appropriate funding solution given the state's record \$130 billion General Fund budget. Also, administrative costs for local water agencies to forward the funds to Sacramento would have been in the tens of millions of dollars a year. Thankfully, the Legislature agreed with HJTA's position and decided to fund the necessary water infrastructure improvements through a combination of General Fund and cap-and-trade fund dollars, without further increasing taxes.

*Continued on page 8*



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TAXPAYERS'  
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Visit the  
HJTA  
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at  
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Thank you  
to all HJTA  
Members  
for making  
this work  
on your  
behalf  
possible.

## GRASSROOTS REPORT

# GET INVOLVED TO DEFEND PROPOSITION 13

*By Eric Eisenhammer, HJTA Director of Grassroots Operations*

With Proposition 13 facing attacks on multiple fronts, the time is now for all hands on deck in the fight for taxpayer rights.

We have placed a volunteer sign-up form on the HJTA website where you can sign up to help and let us know how you would like to be involved. Simply go to [www.hjta.org](http://www.hjta.org) and click on the button that reads, "Support the campaign to protect Proposition 13." On this page follow the arrow to "Get involved" and tell us how you would like to help.

Tax-raisers and their special-interest allies have unprecedented power in Sacramento right now, and they are emboldened to double down on their wasteful spending and reach further into your pockets.

In fact, even though recent polling suggests Californians

view the State Legislature's performance as nothing short of an unmitigated disaster, the governor and Legislature recently received a four percent increase to their highest-in-the-nation, six-figure salaries.

Taxpayers can be heartened that many indicators, such as Los Angeles voters' defeat of the proposed Measure EE \$500 million tax hike, show that the public may no longer be willing to give politicians a blank check.

However, unlike the pro-tax side, we don't have an army of paid activists to campaign on our behalf. We rely on grassroots taxpayers like you to support the Howard Jarvis Taxpayers Association — not only financially but also with your time and community activism.

Passing Prop. 13 over 40 years ago was achieved by grassroots taxpayer activism. Now, keeping Prop. 13 in place will rely just as much on the engagement of grassroots taxpayers in the defense of this crucial protection for California families.

Following the Constitutional Convention of 1787, Benjamin Franklin was asked whether our newly founded nation would be a republic or a monarchy. Franklin famously responded, "A republic, if you can keep it."

Defending our rights has always depended on an engaged citizenry. Because of you, Prop. 13 remains as popular today as it was when it was passed, and with your help we will keep Prop. 13 protecting taxpayers far into the future. □

### **A MAJOR VICTORY FOR TAXPAYERS IN LOS ANGELES!** *Continued from page 1*

every building within LAUSD boundaries. The special tax required approval by two-thirds of district voters, but it failed to reach even a simple majority, garnering just 46% of the vote.

The Howard Jarvis Taxpayers Association fought hard to defeat the tax proposal and was joined in the effort by Los Angeles-area business groups. It turned out to be a coalition that the school district could not beat, even with the help of L.A. Mayor Eric Garcetti and large infusions of campaign cash from unions representing the district's employees.

HJTA formed a separate campaign committee to raise and spend money on the "No on EE" campaign, as required by state law. Donations to the Howard

Jarvis Taxpayers Association and the Howard Jarvis Taxpayers Foundation, which are nonprofit organizations, cannot legally be spent on campaigns for or against ballot measures, whether local or statewide.

HJTA's "Reform LAUSD" committee ran ads on local radio stations and sent out a campaign mailer to voters to inform them about the June 4 special election, which was hastily called by the school board in late February. Reform LAUSD also had a dedicated website and printed up yard signs, distributed with the help of hundreds and hundreds of people who were angry enough about tax hikes to pound a sign into the lawn to show that they have had enough.

Political experts were shocked at the margin of Measure EE's defeat, given that the "No on EE" side was vastly outspent. The district also spent \$1 million of taxpayer funds on an "informational" campaign that appeared to encourage a yes vote without explicitly saying, "Vote yes."

The taxpayer victory was a demonstration of the power of grassroots politics and a reminder to politicians that California taxpayers expect good value for their tax dollars and responsible budgets from their public officials.

LAUSD has provided neither, and on June 4, voters said no to paying for a bailout of the district's mismanagement. □

**HOW ARE YOUR REPRESENTATIVES VOTING?**

Watch for HJTA's Legislative Report Card in the next issue of *Taxing Times*.

# the MAIL Bag

Dear Jon,

Please accept this as a formal thank-you for saving us on the Measure EE property tax. Thank you again and again! I'm exempt as a senior, but others aren't. Thanks for caring about our city.

Sincerely,  
Randy C.

To HJTA,

So happy the voters of Los Angeles did not fall to the pressures of teachers' unions with the recent defeat of Measure EE.

Thank you for informing the public. Your organization works tirelessly to protect homeowners from higher property taxes. Thank you!

Sincerely,  
Nancy M.

I look for your tax guidance comments on our voter ballots and voters' guide every year. I thank God there is an HJTA organization. I wish you continued success. Thank you.

Laura O.

## UNDER THE DOME *Continued from page 6*

Finally, as noted elsewhere in this newsletter, Proposition 13 remains under constant attack. As of June 30, Assembly Constitutional Amendment 1 was the only active bill targeting

***Proposition 13  
remains under  
constant attack.***

Proposition 13 awaiting a vote of the full State Assembly. ACA 1 makes it easier to increase property taxes by billions of dollars statewide by lowering the vote needed for approval of local bonds, sales taxes and parcel taxes from

two-thirds of the electorate to only 55 percent. It is important to remember that while everyone gets to vote on these property taxes, only property owners ultimately pay. Another attack on Proposition 13, Senate Constitutional Amendment 5, which lowers the threshold for education parcel taxes from two-thirds to 55 percent, is on the inactive file and likely dead for the year.

As always, continue to watch your e-mail for HJTA alerts, or go to [www.hjta.org/legislation/legislative-updates](http://www.hjta.org/legislation/legislative-updates) 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 can be reached by e-mail at [david@hjta.org](mailto:david@hjta.org). It is always an honor to represent you in the hallways of the State Capitol. □

**STAY CONNECTED!**  
Sign up for e-mail alerts  
at **HJTA.org**.

Taxpayer Tool Available  
Jon Coupal, HJTA.org sent by Jon Coupal, HJTA.org  
Sent: Thursday, December 17, 2014 at 10:00 AM  
To:

 Howard Jarvis  
Taxpayers Association  
established in 1978



Friend,

At this time of year many of us are focusing on family and friends. Taxes are not something we want to be thinking about.

We share those views but those who want to raise our taxes never rest and neither does HJTA.

This is why we are reminding you of our constantly updated website, which is a storehouse of information for taxpayers and your source for tools you can use to fight back. We think a taxpayer's sole purpose is to provide ever increasing



# SAN FRANCISCO TRIAL COURT DEALS A SETBACK TO PROP. 13

By Jon Coupal

In July, a San Francisco judge upheld the validity of a local special tax that failed to secure a two-thirds vote of the city electorate as required both by Proposition 13 (1978) and Proposition 218 (1996), also known as the Right to Vote on Taxes Act. Both initiatives were sponsored by the Howard Jarvis Taxpayers Association. The lawsuit was brought by HJTA and, after the ruling, it immediately filed an appeal.

The harmful consequences of the court's ruling cannot be understated. Unless the decision is reversed on appeal, a gaping new loophole will have been created in the constitutional protections for taxpayers that voters have repeatedly ratified over the decades. Moreover, the decision is a green light to tax-and-spend interests to extract even more dollars from the most heavily taxed citizens in the United States.

By way of background, in June of 2018, 50.87% of San Francisco voters voted affirmatively for Proposition C, a tax on commercial rents. There is no dispute that the tax, projected to raise \$145 million annually, was intended for the specific purposes of

providing child care, early education and salary increases for preschool teachers in the City of San Francisco.

The less than 51 percent of the vote doesn't cut it. Proposition 13 requires a two-thirds vote of the electorate to pass a tax increase for any special purpose. This has been the law for 40 years. It has also been the consistent position of interests often hostile to taxpayer rights. The Legislative Analyst's Office, California League of Cities and numerous other local governments have agreed that all local special taxes require two-thirds voter consent.

The basis for the court's strange ruling, unfortunately, had its genesis in an earlier California Supreme Court case in 2017. But that case, *California Cannabis Coalition v. City of Upland*, had nothing to do with vote thresholds. Rather, it was limited to a narrow technical question: When a local initiative seeks to impose a new tax, does the measure need to be put to the voters at the next general election, or can the proponents, relying on other laws, require a special election that happens sooner? The lower court had ruled that taxes proposed by initiative are exempt from the taxpayer protections contained in the state constitution, such as the provision dictating

the timing of the election. But *Upland* never addressed the issue of whether the requirement for a two-thirds vote would not apply if the tax increase was proposed by initiative.

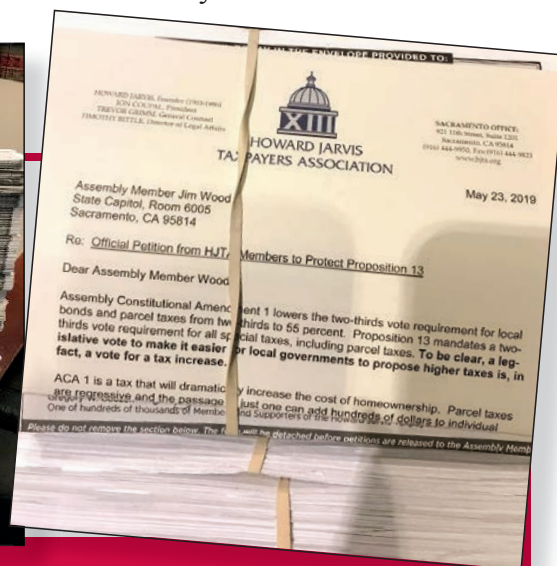
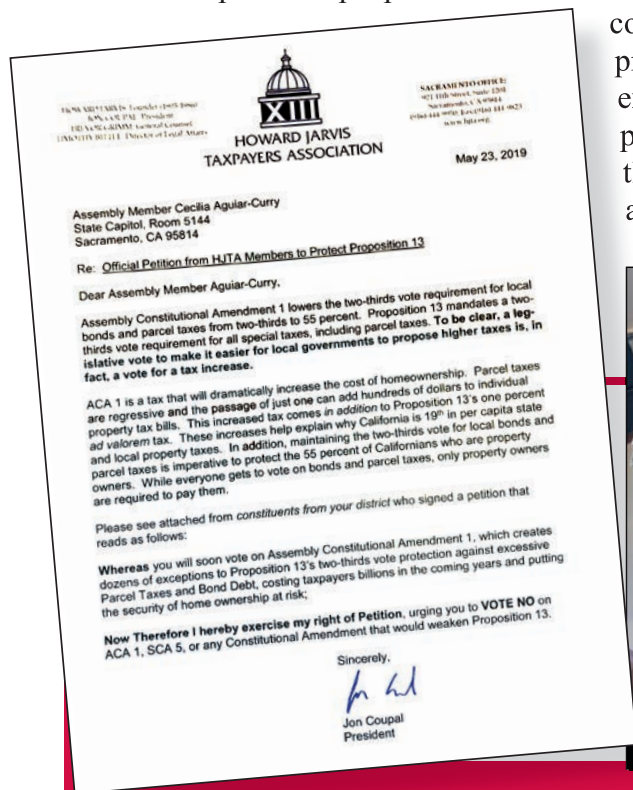
The Supreme Court in *Upland* reasoned that local voters were different from the governing body when it comes to enacting legislation. But for decades courts have said that when voters use the initiative power, they are simply "stepping into the shoes" of the governing body and have the same powers and same limitations. For example, a local city council cannot seize someone's real property without paying "just compensation." The reasoning of the court suggests that if local housing advocates propose an initiative to seize someone's property, there's no requirement to pay for it. That is surely an absurd result.

Unless reversed on appeal, the ruling of the trial judge in the Measure C case will create a bizarre system whereby different vote thresholds — including no vote at all — will depend on whether a tax was proposed by the local governing body or by the initiative process. Abuses from this system are obvious. Now, when the politicians themselves use the citizens' initiative process, they can ignore the requirement of two-thirds voter consent.

Another abuse that will surely manifest itself is that public agencies will collude with outside interests to propose taxes in the form of an initiative, then submit a tax under a lower vote threshold than that currently required. The worst-case scenario would be if a local government were to rely on *Upland* as legal authority to impose a tax without any election at all.

The legal fight over taxes imposed in violation of the two-thirds vote requirement was predicted by HJTA immediately after the *Upland* case was decided. The Measure C lawsuit is just one such case. Another Measure C (also from San Francisco, which appeared on the later June ballot) also involves a special tax that failed to achieve a two-thirds vote. That tax is being contested by HJTA and others. And a third case has been filed in Fresno where, once again, HJTA lawyers are defending the two-thirds vote mandate.

The Supreme Court has caused unnecessary confusion with its ruling in *Upland* that, regrettably, has necessitated several lawsuits being filed to enforce taxpayer rights. Ultimately, the Supreme Court will have to provide clarity, one way or another. And if it is against taxpayers, another statewide measure in the mold of Prop. 13 will surely be on the table. □



**HJTA Members' signed petitions urging lawmakers to vote to protect Proposition 13 are prepared for delivery to the State Capitol. Each member of the Legislature receives the petitions sent in by his or her own constituents.**





**A GREAT IDEA**

**Pass Along Taxing Times!**

**When a Member passed along the following suggestion, we at HJTA thought it was terrific!**

*When I finish reading my paper, I never throw it away. I always place it in some public place, which is often a common space at work or some other public place where I believe someone not acquainted with the HJTA would benefit. I am careful to remove my personal identification from the head of the paper since I often place the paper at work and the placement of anything political is forbidden. Again the point is to spread the message to others and introduce them to what far too many do not realize, which is the ill economic effects created by California's elected class.*

# 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.



## BALLOT MEASURE *Continued from page 1*

higher tax bills.

In 2012, the Davenport Institute at Pepperdine University's School of Public Policy released a study of a split-roll proposal, which concluded that raising property taxes on businesses by an estimated \$6 billion would cost the California economy \$71.8 billion of lost output and more than 396,000 lost jobs in the first five years.

Even before that decisive study was completed, split-roll proposals had failed in California on multiple occasions.

In 2000, Assembly Bill 2288 would have required the reassessment of property owned by legal entities, such as partnerships or corporations, every three years. A similar proposal, Senate Bill 17, was considered by the Legislature in 2005, and again in 2010 as Assembly Bill 2492.

In 2003, Assembly Constitutional Amendment 16 would have required the annual reassessment of any commercial property not used for housing or agriculture.

In 2004, the California Teachers Association and actor-director Rob Reiner proposed, and later dropped, an initiative that would have increased the tax rate to 1.5% on non-residential, nonagricultural commercial property.

Between 2005 and 2009, seven more split-roll initiatives were proposed by various individuals. Three of the measures would have increased the tax rate on commercial property and four would have required annual or periodic reassessments. All were dropped before signatures

were collected.

Proponents of the current split-roll initiative maintain that they are merely closing a loophole, but in fact, the tax treatment of commercial property in California is not a loophole at all. It is the express will of the voters.

Early in 1978, with Proposition 13 headed to the June ballot, then-Governor Jerry Brown and the State Legislature wrote an alternative measure in the hope of convincing voters to reject Prop. 13. Their measure, Proposition 8 on the June 1978 ballot, would have created a split roll and allowed higher taxes on commercial property.

Voters rejected Proposition 8 by a margin of 53–47, while approving Proposition 13 with nearly 65% of the vote.

California has always had a single, unified property tax roll, dating back to the 1800s. Proposition 13 didn't change that; it simply cut the property tax rate to 1% from a statewide average of 2.67% and put much-needed limits on annual increases in the assessed value of property.

The often-heard argument that Proposition 13 caused a reduction in per-pupil spending on education turns out to be as false as the "loophole" claim.

According to data collected by the National Center for Education Statistics, an office within the U.S. Department of Education, per-pupil spending in elementary and secondary public schools in California has risen nearly every year and is far higher today than it was in the 1970s. Measured in constant 2017–18 dollars, per-pupil

spending in the state was \$5,474 in 1969–70, \$7,116 in 1979–80, \$8,798 in 1989–90 and \$9,255 in 1999–2000. In 2015–16, the most recent year for which statistics are available, per-pupil spending in California was \$11,893.

This data can be found online at <https://nces.ed.gov> in Table 236.65: "Current expenditure per pupil in fall enrollment in public elementary and secondary schools, by state or jurisdiction; Selected years, 1969–70 through 2015–16." The true facts contradict any claims that Proposition 13 caused cuts in education spending, and it's important for voters to know that.

A split-roll initiative, if passed, would be the beginning of the end of Proposition 13. Emboldened tax-hike activists would continue to chip away at Prop. 13's protections for one group, then another, until there is nothing left.

The Howard Jarvis Taxpayers Association fiercely opposes the proposed split-roll initiative and is readying an intense campaign to inform voters ahead of the November 2020 election. Californians who would like to join the campaign are invited to go online to [www.hjta.org/ProtectProp13](http://www.hjta.org/ProtectProp13) for information on how to volunteer, sign up to receive a yard sign or donate to help pay for TV and radio ads. A printable flyer about the split-roll initiative is available on the website, or call the HJTA offices at 213-384-9656 or 916-444-9950 to request copies.

HJTA is committed to protecting Proposition 13 and all California taxpayers. The fight goes on. □

# TAX BYTES

## FISH STORY

An employee of the Department of Fish and Wildlife collected \$234,717 in extra pay by exaggerating his prior experience in order to get a promotion.

## A GREAT COMMUTE

Caltrans paid \$41,695 in improperly approved travel expenses, including \$6,461 for meals and "incidentals," to an employee who worked in Sacramento but commuted from San Diego.

## ANALYZE THIS

An employee of the Department of Business Oversight was promoted to a new position as an analyst after doing very well in the job interview. A department manager gave her the interview questions in advance.

## DRIVEN TO A LIFE OF CRIME

A manager at the Department of Corrections and Rehabilitation used state vehicles for his personal commute to the correctional facility where he worked, putting more than 40,000 miles on the vehicles and costing taxpayers an estimated \$22,585. The state auditor also identified five more managers and supervisors in the department who routinely used state vehicles for commuting, costing taxpayers another \$58,000.

## A LEARNING EXPERIENCE

An administrator in the education program at Valley State Prison watched thousands of Internet videos on his state-issued computer during work hours. The videos were not related to his work.

# HJTA.ORG

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



# 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

government'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

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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