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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. 44, Issue 3 ★ Fall 2018

## TAX REVOLT! GAS TAX REPEAL MAKES THE NOVEMBER BALLOT

### State Sen. Josh Newman Recalled from Office over His Vote for the Tax Hike

Outraged California taxpayers signed petitions by the hundreds of thousands to repeal the gas and car tax increase signed into law last year, and also to amend the constitution so future tax increases on fuel and vehicle registration may only be enacted with voter approval.

The measure now known as Proposition 6 needed approximately 585,000 signatures to qualify for the November ballot and cleared that bar easily. Petitions with almost a million total signatures were turned in to county officials throughout the state seeking to repeal Senate Bill 1 (SB 1), which sharply raised taxes on gasoline and diesel fuel and hiked the cost of registering vehicles.

Although Governor Jerry Brown groused that beleaguered taxpayers were “freeloaders,”

the rage over the tax increase was powerful enough to unseat a state senator that Brown, state lawmakers and even California’s supposedly nonpartisan election watchdog agency tried mightily to save.

After he cast a decisive vote for SB 1 in 2017, Orange County Senator Josh Newman was hit with a recall effort that rapidly collected the signatures needed to trigger an election. However, Sacramento lawmakers changed the law regarding recall elections to retroactively make it more difficult to verify signatures. When that law was successfully challenged in court by the Howard Jarvis Taxpayers Association, lawmakers quickly passed a similar law to replace it.

The law imposed delays that had the effect of stalling the recall election until it could be



Candidate for California governor John Cox (center) chaired the successful effort to get the repeal of the gas tax increase on the November ballot. He was joined by Sen. Jim Nielsen (left), R-Roseville, and HJTA President Jon Coupal to personally deliver signed petitions to county offices in Sacramento.

consolidated with the June 2018 primary.

Newman’s fundraising effort to fend off the recall got an assist from the state’s Fair Political Practices Commission when the commissioners disregarded

precedent and the advice of the professional staff and decided to lift a cap on campaign contributions from Newman’s fellow Democratic senators.

Despite the gamesmanship,  
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### Taxing Times



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**Headquarters**  
621 S. Westmoreland Avenue, Suite 202  
Los Angeles, CA 90005-3971  
(213) 384-9656

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### HJTA Marks 40th Anniversary with Radio Ad

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# PRESIDENT'S MESSAGE

## WITHDRAWAL OF THE TAXPAYER PROTECTION ACT COULD HAUNT THE AMERICAN BEVERAGE ASSOCIATION

By Jon Coupal

By now, political observers have heard how a series of negotiations in Sacramento resulted in three initiatives slated for the November ballot being withdrawn by their respective proponents. The blame (or credit, depending on your perspective) for these deals has been attributed to a 2014 bill authored by then-Senate Leader Darrell Steinberg, D-Sacramento, that allows proponents to withdraw an initiative even after it has qualified for the ballot. It was believed that this reform would result in more compromises being hammered out with the Legislature on contentious issues.

One of the measures withdrawn was the Taxpayer Protection Act, which would have strengthened a number of existing constitutional provisions, including the two-thirds vote for local taxes. While a broad coalition of business and taxpayer groups backed the measure, and even provided significant input into its drafting,

the lion's share of financial support came from the American Beverage Association (ABA).

Faced with massive opposition from local governments and public-sector labor organizations, ABA decided to strike a deal with the Legislature to prohibit any future local soda tax increases between now and 2030 in exchange for removing the Taxpayer Protection Act from the ballot. The decision may also have been based, at least in part, on the perception that other potential financial backers for the campaign would be focused on other initiatives on the November ballot.

Nonetheless, ABA's decision to withdraw the measure in exchange for limited protection for a specific industry blindsided many interests in the Capitol, including taxpayer organizations that were excited for an opportunity to campaign for strong taxpayer protections in an absurdly high-tax state.

Whether the Taxpayer

Protection Act would have passed will be the subject of speculation for years. But it's now a moot point. What isn't moot, however, is whether the deal itself, and the similar negotiated agreements on measures addressing issues related to lead paint and consumer privacy, is a reflection of good government or whether it leads to "extortion light."

Interestingly, political commentators have viewed these negotiated withdrawals differently. Some see them as all that is wrong with Sacramento, while others see them as forcing the Legislature to do its job. Most fall in the first category. Joel Fox, who puts out the *Fox and Hounds* blog, wrote a piece titled "Weaponizing the Initiative Process." Longtime *Sacramento Bee* columnist Dan Walters, who now writes for CALmatters, calls what happened "genteel extortion."

On the other hand, veteran *Los Angeles Times* columnist George

Skelton likes the fact that three potentially confusing measures have been taken off the ballot. He also observes that "unlike . . . initiatives, bills can later be easily tweaked by the Legislature to fix flaws." But Skelton's observation reveals another downside to these deals: Will the parties keep their word?

The decision by ABA to withdraw the Taxpayer Protection Act resulted in the enactment of legislation that they presumably believed would protect their interest for more than a decade. But almost immediately, interest groups, including health organizations that have targeted "sugary drinks" for years, filed a new initiative measure specifically targeting that industry. And unlike the Taxpayer Protection Act, which had broad support from an array of business and taxpayer groups, a measure seeking higher taxes just on soda might leave ABA alone in

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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 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  
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## 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*

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



# YOUR QUESTIONS ANSWERED

## “CAN I TRANSFER THE ‘PROP. 13’ ON MY HOUSE TO MY KIDS?”

One of the questions we’re asked most frequently is how property owners can transfer their home to their children or grandchildren without losing “the Proposition 13.” All property in California is under Proposition 13’s protection, but what these homeowners are asking is how to transfer their property to their kids or grandkids while keeping the property tax assessment the same as if they continued to own the home themselves.

Under Proposition 58, passed overwhelmingly by voters in 1986, property owners may transfer a home that is their primary residence to their children, and if the proper paperwork is filed within the required time limits, the property will continue to be assessed at the established Proposition 13–factored base-year value, instead of being reassessed to market value on the date of the change of ownership.

In addition to their primary residence, parents may transfer up to \$1 million of other real estate to their children, and that transferred property will also be excluded from reassessment. The \$1 million exclusion applies separately to each eligible transferor, so if two parents are transferring real estate they own jointly, the total exclusion is \$2 million. That’s based on the adjusted base-year value, not the current market value. There is no value limit on

the primary residence.

To claim the exclusion from reassessment for a transfer between parent and child, file Form BOE-58-AH, which is available from the office or website of your county assessor. A list of county assessors’ offices can be found on the website of the state Board of Equalization (BOE) at this link: [www.boe.ca.gov/proptaxes/assessors.htm](http://www.boe.ca.gov/proptaxes/assessors.htm).

Under Proposition 193, passed by voters in 1996, an exclusion from reassessment is available for a transfer of property between grandparents and grandchildren in some circumstances. To claim the exclusion, file Form BOE-58-G.

Generally, the claim form must be filed within three years of the date of the transfer in order to receive the exclusion as of the date of the transfer. You can still file the form if the three-year deadline has passed, but the tax relief will begin with the current year instead of being retroactive.

It doesn’t matter whether the property is in a trust or not, and the exclusion from reassessment is available whether the transfer results from a sale, gift or inheritance. Transfers of property between parents and children can go in either direction — children may transfer property to their parents and claim the same exclusions from reassessment. For grandparent-grandchild transfers, though, it’s one-way only.

There is no exclusion from reassessment for transfers between siblings. For example, if a property is inherited by two brothers and one buys out the other, the percentage of the property that was purchased from the sibling is subject to reassessment at market value.

In the case of grandparent-grandchild transfers, the exclusion from reassessment may only be claimed if the parents of the grandchildren are deceased. It is not possible for the parents to file a disclaimer to make the grandchildren eligible for the grandparent-grandchild exclusion. According to the Board of Equalization’s website, “Even though a disclaimer means the person filing the disclaimer is treated as predeceased, this does not make the person dead as required by the California Constitution.”

Benjamin Franklin said nothing in life is certain except death and taxes, and California has its own rules about both. It is always advisable to consult an attorney and an accountant before transferring property.

You can obtain more information about Proposition 58 and 193 transfers on the website of the Board of Equalization at this link: [www.boe.ca.gov/proptaxes/faqs/propositions58.htm](http://www.boe.ca.gov/proptaxes/faqs/propositions58.htm), or call the BOE’s Assessment Services Unit at 916-274-3350. □

## PRESIDENT’S MESSAGE

*Continued from page 2*

the opposition camp.

Compounding the soda industry’s problems might be a little-noticed legal issue. The compromise was incorporated into a so-called “trailer bill,” which allows language to take effect immediately without a two-thirds vote of each house. But the legality of this process is the subject of an unrelated case brought by HJTA in the court of appeal for the Third Appellate District. If a court eventually rules the practice of using budget trailer bills to enact substantive legislation as unconstitutional, the “deal” could be nullified.

Because ABA can’t withdraw its withdrawal, some would call this poetic justice. □



**THANK YOU,  
HJTA MEMBERS...**  
...for helping to protect  
Proposition 13 and  
for supporting  
our work on  
your behalf!

## CHECK YOUR VOTER REGISTRATION, FIND YOUR POLLING PLACE

It’s more important than ever to make sure you’re registered to vote and that no errors or changes have been made to your voter registration without your knowledge.

California voters can check their voter registration online.

Go to:

<https://voterstatus.sos.ca.gov>

At that site, you’ll be able to check if you are registered to vote, where you’re registered to vote, your political party preference, if any, and even the status of your vote-by-mail or provisional ballot, if you cast one.

You will also be able to find your polling place, information for upcoming local and state elections, and the contact information for your county elections office.

If you’re not yet registered to vote, you can pick up the form at any U.S. post office, or register online at [registertovote.ca.gov](http://registertovote.ca.gov).

# THE LEGAL FRONT

## BAY AREA TOLL INCREASE IS AN UNFAIR, ILLEGAL TAX

By Timothy A. Bittle, HJTA Director of Legal Affairs

If you've ever looked at a map of the Bay Area Rapid Transit (BART) system, it resembles a giant letter X. BART's Transbay Tube is the hub of the X. From there, one leg goes through San Francisco, down the western shore of the San Francisco Bay to the San Francisco Airport in Millbrae. Another two legs of the X run along the opposite shore of the Bay — one goes north to Richmond, the other goes south to Fremont. The last leg heads roughly east along State Route 24 and Interstate 680 up to Antioch.

Because the system is laid out in an X, there are lots of spaces — hundreds of square miles — that are not reached by BART. Many people live in those spaces, and many of them commute to work.

Generally speaking, the closer you get to San Francisco, the more expensive housing becomes. The average price of a two-bedroom apartment in San Francisco is \$4,500 per month. Travel 30 miles from San Francisco and you can find a two-bedroom apartment for \$1,800 per month. But the farther you travel from the hub of the X, the greater the space between the legs.

Now imagine you're one of the thousands of waitresses, retail clerks, hotel housekeepers or other blue-collar employees who work in San Francisco but can't afford to live there. You live 30 or 40 miles from your job, in territory not served by BART. You leave home at dawn to join the sea of traffic crawling to work, crossing two bridges each way, five days a week, which currently costs you \$3,000 a year — just in tolls.

Last November, the price of your commute went up as Governor Brown's 12-cent-per-gallon increase in gasoline taxes took effect, raising the local state

tax on gas to 30 cents per gallon. And you burn through a lot of gas sitting still or creeping along in low gears during commute hours.

Then, to make matters worse, Regional Measure 3 (RM3) appeared on the June 2018 Primary Election ballot in the nine Bay Area counties. It was placed on the ballot by the Bay Area Toll Authority (BATA), a regional agency, under authority from the State Legislature. RM3 proposed a \$3 increase in Bay Area bridge tolls, raising them from \$6 to \$9 during commute hours.

A budget for spending the RM3 revenue was included on the ballot. None of the money is to be spent on the bridges, or on widening the freeways that carry motorists over the bridges. Most of the money is to be spent subsidizing public transit that motorists don't use, like BART and the ferry system. As you can imagine, RM3 was quite popular among voters who use public transit. It was approved by 53 percent of the voters.

Put yourself back in the shoes of our blue-collar worker. When the \$3 increase takes effect, your annual toll bill will now be \$4,125 a year. Even if you make \$25 an hour, that's more than 10 percent of your annual take-home pay. Think about that. More than 10 percent of your income goes to tolls. And that's on top of what you pay each week for gasoline. And parking. Just to get to work. For many commuters, all of the money they earn on Monday goes to pay for their weekly commute.

I want to ask you a question — not a legal question, but a moral question: Is it humane to take money from poor people who must drive long distances to and from work, and use that money to subsidize the commute of wealthier people who, because

they can afford to live closer, are able to take public transportation to work? In my view, that's immoral.

Now I want to ask you a legal question: When the state takes money from motorists and doesn't spend it on the bridges and highways driven by motorists, but instead uses it to subsidize the commute of public transit passengers, are the motorists paying a "fee" or a "tax"?

The law classifies an exaction as a "fee" if it is charged for goods or services delivered to the payer, or is charged to mitigate some public harm for which the payer is responsible. A "tax," on the other hand, raises revenue for government programs and policies without requiring any direct nexus between the payer and the use of the funds.

HJTA believes the RM3 bridge toll increase is a tax. Why does the label matter? Because taxes authorized by the Legislature — as RM3 was — require two-thirds approval in each house of the Legislature. RM3 did not have two-thirds legislative approval. Moreover, taxes placed on the ballot by a local or regional agency — as RM3 was — require two-thirds approval by the voters. RM3 did not have two-thirds voter approval.

If we are correct that the RM3 bridge toll increase is a tax, then it failed to garner the votes it needed, either from the Legislature or from the electorate. That is why, in early July, we filed suit against BATA and the State Legislature to have the RM3 bridge toll increase declared invalid.

When news of our lawsuit made Bay Area headlines, motorists cheered and public transit users sent us hate mail. Only time will tell how the courts react. □

### ARE YOU DUE A REFUND OF A \$75 RECORDING TAX?

In 2017, the governor signed Senate Bill 2, imposing a \$75 tax on the recording of documents. Then in March 2018, the governor signed a new law that amended SB 2 to fix problems with its implementation.

You may be eligible for a refund if you paid a \$75 recording tax that was charged in error.

For example, if you paid a \$75 recording tax, or multiple \$75 charges, to record the release of a tax lien, you are due a refund.

Many citizens were charged improperly, primarily for recording tax lien releases, child support lien releases, even lien releases not related to real property (jet skis, for example). Additional mistakes could be numerous.

If you believe you were charged a recording tax that you should not have had to pay, you must request a refund in writing by sending a letter to the county recorder. Neither the state nor the county recorder will issue refunds of erroneous taxes automatically.

HJTA's legal team has created a form letter that you can download and print to request a refund. You'll find it on our website at [www.hjta.org](http://www.hjta.org). On the menu bar at the top of the screen, click "Resources," "Taxpayer Tools," and then "How to Claim a Refund of Erroneously Charged \$75 Recording Taxes" on the "Taxpayer Tools" page.

Be sure to keep a copy of the signed letter for your records.

Can't wait for the next issue of *Taxing Times*?

Get daily tax news and updates at our website.

**HJTA.ORG**





## FIRE VICTIMS: WORRIED ABOUT YOUR PROP. 13 RIGHTS? DON'T BE.

By Laura Murray, HJTA Staff Attorney

HJTA reminds those who have suffered loss due to fire or other calamity that your Proposition 13 rights remain intact. If it is impractical or inconvenient to rebuild your home in its current location, you still may be able to transfer your Prop. 13 base-year value to a new home.

Following repairs made due to a fire or other calamity, your home's assessed value will return to its "full cash value" per Revenue and Taxation Code Section 170(h), but that "full cash value" is *still capped by Proposition 13*. Only "new construction" can be reassessed, and only to the extent of what is deemed "new construction."

Revenue and Taxation Code Section 70 defines "new construction" with a specific rule about reconstruction after a fire or other calamity:

"[W]here real property has been damaged or destroyed by misfortune or calamity, 'newly constructed' and 'new construction' *does not mean any timely reconstruction of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction*. Any reconstruction of real property, or portion thereof, that is not substantially equivalent to the damaged or destroyed property, shall be deemed to be new construction and *only that portion that exceeds substantially equivalent reconstruction shall have a new base-year value determined pursuant to Section 110.1*."

Only what exceeds "substantially equivalent reconstruction" can have a new base value. If

you add on that extra bedroom or bathroom you've always wanted while you are rebuilding, you will only have a new base value as to the additional room, not your entire house.

When does reconstruction constitute "new construction"? It's debatable, but reasonable examples include any added square footage or added features like a new fireplace.

If the governor declared the fire that impacted your home a disaster, you have further options under Article 13A Section 2. Suppose you do not want to live in a hotel for a year while your home is being rebuilt. You want to move and leave the disaster behind. If you suffered 50 percent or greater damage to your property or its fair market value, you may transfer your base value to comparable property within the county "that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property." If you want to move to another county, and that county will cooperate, you may even be able to transfer your base value to that county. Finally, even without 50 percent minimum damage, anyone over age 55 or severely disabled may similarly transfer base value per Revenue and Taxation Code Section 69.5.

These actions must be made within specified or reasonable time limits depending on your situation. Please consult an attorney for specialized advice. You can always call your local county assessor's office for more information. □



## FIRE TAX UPDATE

### HJTA Files Opening Brief and 14-Volume Appendix in Appeal

The Howard Jarvis Taxpayers Association continues to fight to obtain refunds for property owners who paid the state's now-suspended "fire prevention fee."

On Wednesday, July 11, 2018, HJTA filed its opening brief and a 14-volume appendix to appeal the trial court's dismissal of the fire tax case. The 14 volumes supporting the appeal demonstrate the extensive work that had been done by HJTA and the attorney general to prepare the case for trial.

HJTA's opening brief explains that the merits of the case had been fully briefed on both sides, together with a lengthy table of undisputed facts, citations to the evidence supporting those facts, a massive compendium of exhibits and over 600 payer declarations providing the necessary sworn witness testimony. The only thing left was for the trial court to give its decision. Instead, the court dismissed the case. It was an abuse of discretion, and unfair to the more than 800,000 people affected by the fire tax.

While the gargantuan appendix represents the complexity of the case, HJTA's

opening brief presents a concise legal argument to the court of appeal. In short, it states that this is a public interest case designated by the court as a complex special proceeding exempt from any specific deadline. Even if a specific deadline had applied in the trial court, HJTA's motion for judgment was timely presented. Dismissing a case under such circumstances violates the longstanding public policy of deciding cases on their merits.

The brief also points out that although HJTA was successful in supporting legislation that discontinued the collection of the fire tax, the case in court still has purpose because it seeks refunds of past payments for everyone who filed a Petition for Redetermination. If the court were to agree that, during the years it was collected, the "fire prevention fee" was really a tax, then refunds to the class would be in order.

HJTA hopes the court of appeal will be persuaded to reverse the trial court's dismissal of the case, and to allow the case to proceed to a decision on the merits.

[FireTaxProtest.org](http://FireTaxProtest.org)

## ASSEMBLY DEMOCRATS REFUSE TO HONOR PROP. 13'S 40TH ANNIVERSARY

On July 2, the California Assembly's Committee on Revenue and Taxation considered whether to support a special resolution in honor of the 40th anniversary of Proposition 13.

"We think every lawmaker

should recognize the importance of keeping property taxes affordable and predictable in California so that people are not taxed out of their own homes," said HJTA President Jon Coupal. "A resolution in honor of Proposition 13 is certainly something

that the Legislature should support."

But the committee voted 5-2 against it.

Although Assembly Members Melissa Melendez, R-Lake Elsinore, and Randy Voepel, R-Santee, voted in favor of the resolution, they were

outnumbered by "no" votes from committee chair Autumn Burke and fellow Democrats Kevin Mullin, Bill Quirk, Luz Rivas and Philip Ting.

"It's unbelievable to me that we are not able to come together to reaffirm

*Continued on page 12*



# UNDER THE DOME: HJTA DEFENDS PROP. 13, FIGHTS TAX INCREASES

By David Wolfe, HJTA Legislative Director

As I write this column, the Legislature is in the midst of their monthlong summer recess. It is abnormally quiet. There are not a lot of meetings, no bills are being heard, and taxpayers are not having any more dollars pilfered from their wallets. But the reprieve will be short-lived, as the Legislature returns for one final flurry of activity before lawmakers adjourn for the year on August 31 and return to their districts to prepare for the November elections.

What has made this legislative year different is the fact that no tax increase proposals have passed through the Legislature. Last year, Republicans and Democrats alike were complicit in jamming three separate tax increases and fuel-cost hikes into law. They renewed the cap-and-trade program, continuing a multi-billion-dollar increase in fuel costs that brings in state revenue to fund high-speed rail. They invented a new tax on recorded documents that is supposed to fund affordable housing. And the SB 1 gas and car tax increase was said to be needed to fund road repair, even though billions of dollars have been diverted away from maintenance over the last decade. In the midst of an \$8 billion surplus and a record \$130 billion budget, Sacramento was steadily increasing taxes.

It is rare that this column is able to be the herald of good news. Despite my vigorous attempts to find a silver lining for each article, this effort often proves difficult because the Legislature is so out of touch with average taxpayers. Fortunately, 2018 hasn't been as dreadful for taxpayers as 2017, starting with the fact that Proposition 13 has been successfully protected, so far, from several serious threats.

A new amendment introduced in 2018, Senate Constitutional Amendment 22 (SCA 22) by Senator Ben Allen, D-Los Angeles, would lower Proposition 13's required two-thirds vote for the approval of local parcel taxes

to 55 percent if the taxes were for education. Maintaining the two-thirds vote for education parcel taxes is important to protect property owners. While everyone gets to vote on the imposition of a parcel tax, only property owners pay them. Parcel taxes are also extremely regressive in that all property owners pay the same tax regardless of the size of the home or business. Thankfully, SCA 22 has stalled in the Senate. The same is true for SCA 6 by San Francisco Democrat Scott Weiner, who proposes lowering the two-thirds vote for both sales and parcel taxes in order to pay for local transportation infrastructure projects.

SCA 22 and SCA 6 can only move forward if they receive a two-thirds vote in the Legislature, and the June recall of former Orange County Senator Josh Newman has resulted in the Democrats losing their two-thirds supermajority in the Senate. While that is not a sure-fire guarantee that Proposition 13 will be protected, it makes it far more likely that these two bills will not succeed.

Although no tax increase proposals have been approved by the Legislature this year as of this writing, that doesn't mean that they haven't been introduced. Any and all of them could come up for a vote before the Legislature adjourns on August 31. Here's a list:

Assembly Constitutional Amendment 2 would restore a "snack tax" that voters rejected 20 years ago after the Legislature imposed it. The billion-dollar tax increase is particularly arbitrary. Granola would not be taxed but granola bars would be. And bottled water would be a "snack" subject to the tax as well.

Senate Bill 794 would impose a new three percent tax on fireworks at the point of sale. The abuse of illegal fireworks is a matter of statewide concern, and the Legislature could spend existing General Fund revenues on enforcement and safety



Jon Coupal with Assembly Member Matthew Harper, Senator Ted Gaines, HJTA Legislative Director David Wolfe and 95,000 petitions from HJTA Members urging the Legislature to protect Proposition 13. The petitions were delivered to the Capitol so lawmakers would hear — and see — the concerns of taxpayers.

programs. Instead, by taxing the sale of fireworks, Sacramento would be hurting all the nonprofit organizations that raise a sizable share of their annual revenue from fireworks stands.

Assembly Bill 2497 would impose an as-yet-undefined tax on guns and ammunition to fund school resource counselors and police officers.

AB 2303 and AB 2560 would create a new tax of up to 10 percent on small business vendors who contract out either with private prisons or with the California Department of Corrections.

Senate Bill 623 would establish a precedent-setting tax on residential water use. For now, local water agencies have joined with taxpayer advocates to vigorously fight this levy. While various areas of California do have trouble gaining access to clean water, there are numerous ways that funding can be provided using existing revenues instead of increasing taxes.

Assembly Bill 2486 would impose a \$100 million tax on opioid manufacturers and distributors to

fund prevention and treatment programs. Ultimately, this tax will be passed on to consumers, especially to patients who use opioids appropriately to manage pain. As an issue of statewide concern as well as a legitimate public health issue, opioid treatment should also be financed out of the General Fund.

Senate Bill 993 is the latest version of a proposal to extend the sales tax to services, generating \$100 billion in new tax revenue that would be lifted from the wallets of consumers. And Senate Bill 562 would impose an even larger tax, over \$200 billion, to establish a single-payer health insurance program that would effectively make private health insurance illegal in California.

In the next issue of *Taxing Times*, I'll provide a summary of the legislative year and we will publish our 2018 legislative report card. As always, feel free to e-mail me with your questions at [david@hjta.org](mailto:david@hjta.org). It remains a pleasure to serve you in the California State Capitol. □

# ENDORSEMENTS AND BALLOT-MEASURE RECOMMENDATIONS

The Howard Jarvis Taxpayers Association PAC has endorsed these candidates for the November 6, 2018, Statewide General Election:

|                       |   |  |   |
|-----------------------|---|--|---|
| FOR<br>YOUR<br>RETURN | Take this page with you to the Polls for the Nov. 6th Election. |  |   |
|                       | ENDORSEMENTS  |  |   |
|                       | STATEWIDE RACES   | STATE ASSEMBLY (Continued)                           | ANDREW GRANT<br>U.S. Congressional District 7                               |
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|                       | <b>JAY OBERNOLTE</b><br>Assembly District 33                    | STATE SENATE   | <b>TED GAINES</b><br>Board of Equalization District 1                       |
|                       | <b>TOM LACKEY</b><br>Assembly District 36                       | <b>JIM NIELSEN</b><br>Senate District 4              | <b>MARK BURNS</b><br>Board of Equalization District 2                       |
|                       | <b>HENRY NICKEL</b><br>Assembly District 40                     | <b>ANDREAS BORGEAS</b><br>Senate District 8          | <b>G. RICK MARSHALL</b><br>Board of Equalization District 3                 |
|                       | <b>ROXANNE HOGE</b><br>Assembly District 46                     | <b>ROBERT POYTHRESS</b><br>Senate District 12        | <b>JOEL ANDERSON</b><br>Board of Equalization District 4                    |
|                       | <b>BURTON BRINK</b><br>Assembly District 49                     | <b>BARON BRUNO</b><br>Senate District 26             | RIVERSIDE COUNTY BOARD<br>OF SUPERVISORS DISTRICT                           |
|                       | <b>TONI HOLLE</b><br>Assembly District 52                       | <b>RITA TOPALIAN</b><br>Senate District 32           | <b>KAREN SPIEGEL</b><br>Riverside County Board<br>of Supervisors District 2 |
|                       | <b>PHILLIP CHEN</b><br>Assembly District 55                     | U.S. CONGRESSIONAL<br>DISTRICT                       | <b>JEFF HEWITT</b><br>Riverside County Board<br>of Supervisors District 5   |
|                       | <b>MIKE SIMPFENDERFER</b><br>Assembly District 58               | <b>DOUG LAMALFA</b><br>U.S. Congressional District 1 |   |



# BALLOT-MEASURE RECOMMENDATIONS

## LOCAL AND REGIONAL MEASURES

### LOS ANGELES COUNTY STORMWATER PARCEL TAX (“Safe Clean Water Program”)

#### **NO** **WHY WE’RE AGAINST IT**

The Los Angeles County Board of Supervisors voted 4–1, with only Kathryn Barger voting no, to place this new parcel tax before the voters on the November ballot. It would put a new tax on property in L.A. County based on satellite photography of each individual parcel of land. The tax would cost property owners 2.5 cents for each square foot of “impermeable surface” — driveways, patios, parking lots, buildings, etc. — as determined by the satellite image analysis.

The tax would raise \$300 million annually for stormwater capture and cleanup infrastructure and programs. The money would be divided between cities in the county and regional watershed areas, with \$30 million per year reserved for programs including “drought education” and workforce training.

This new property tax would be very costly for businesses, like supermarkets with large parking lots, and could result in higher prices. It would also affect apartment buildings and could result in higher rents. It would directly raise property tax bills for homeowners.

L.A. County already captures and cleans enough water runoff to provide for the water needs of 10 percent of the population. The cost of capturing more is unaffordably high.

**We recommend a NO vote.**

## STATEWIDE MEASURES

### PROPOSITION 5

#### **YES** **WHY WE’RE FOR IT**

Proposition 5 would allow homeowners age 55 and older to sell their current homes, purchase a replacement property anywhere in the state and transfer the property tax assessment from the home they sold to the home they bought. This measure would remove restrictions in existing law that limit these transfers by putting conditions on the price and location of the replacement property. It would also allow older homeowners to transfer their base-year property tax assessment more than once.

We support this measure, which helps homeowners who want to downsize or move, but who stay put because of the high property taxes on a replacement property. Proposition 5 will likely result in more homes coming on the market, which will help new homebuyers by increasing the supply of available housing.

**We recommend a YES vote on Proposition 5.**

**For more information about the measures on the November ballot, including the official ballot arguments for and against each, please visit HJTA’s informational website, [CAInitiatives2018.com](http://CAInitiatives2018.com).**

## PROPOSITION 6

#### **YES** **WHY WE’RE FOR IT**

Proposition 6 repeals Senate Bill 1, the 2017 tax increase on gasoline, diesel fuel and vehicle registrations. It also amends the state constitution to require voter approval of all future increases in fuel and vehicle taxes or fees.

Proposition 6 will save the typical family of four over \$700 per year in direct and indirect costs. It will repeal the tax increase of 12 cents per gallon on gasoline and 20 cents per gallon on diesel fuel, as well as the \$50 to \$175 increase in the annual cost of registering a vehicle.

California has the highest poverty rate in the nation, over 20 percent when the cost of living is taken into account, and one contributing factor to that is the higher cost of transportation. The tax increase on diesel fuel raises the price of everything that is transported by truck, including food. According to the Bureau of Labor Statistics, the inflation rate in California cities is higher than the national average of other U.S. cities. The higher cost of transportation is one reason for that.

The backlog of delayed road and bridge repairs, estimated by state officials to be \$150 billion, is evidence that state lawmakers have not made road safety a priority. Instead of funding transportation infrastructure and maintenance, the politicians have diverted the revenue from transportation taxes to fund other priorities, or pet projects.

SB 1 raised taxes without reforming the well-documented waste and inefficiency at Caltrans. Taxpayers in California pay the highest taxes in the nation and suffer with roads in the worst condition. Taking more money from the wallets of California families to fund more of the same is not the answer. What’s needed is a new funding plan that spends all transportation-related tax and fee revenue on transportation.

**We recommend a YES vote on Proposition 6.**

## PROPOSITION 10

#### **NO** **WHY WE’RE AGAINST IT**

Proposition 10 would repeal the 1995 Costa-Hawkins Rental Housing Act, a state law that protected property owners from new rent-control ordinances, moderated radical rent control and secured new construction in cities throughout California. If Costa-Hawkins is repealed, cities would be able to pass any type of rent-control law, including rent control on single-family homes, garage apartments, duplexes and small apartment buildings. For example, Proposition 10 would allow new rent-control bureaucracies to require every property owner to register and pay an annual fee so the city can track how many housing units exist and whether they are rented or owner-occupied.

Proposition 10 would discourage investment in rental housing, leading to less new construction and more tightening of an already squeezed housing market in California. Faced with the threat that rent control could be enacted at any time, some owners of existing apartment buildings might choose to evict the tenants and sell the property rather than stay in a business with rising costs and uncertain revenue.

Proposition 10 is the wrong answer to the high price of housing. What’s needed is more construction, not less.

**We recommend a NO vote on Proposition 10.**



# FOUNDATION REPORT

## Howard Jarvis Taxpayers Foundation supports public's right to know the basis for water rates

The Howard Jarvis Taxpayers Foundation supports HJTA's legal and educational efforts on behalf of California taxpayers, who are also rate-payers. The Foundation was pleased to assist the San Diego County Water Authority by supporting its Petition for Extraordinary Writ in its litigation to obtain public records from the Metropolitan Water District of Southern California. The lawsuit seeks information that shows the basis for MWD's water rates and charges. □

## RADIO AD CAMPAIGN MARKS 40 YEARS OF PROTECTING PROP. 13 AND TAXPAYERS



Jon Coupal is a frequent guest on radio shows throughout the state to discuss proposed laws that will affect taxpayers.

The Howard Jarvis Taxpayers Association marked the 40th anniversary of Proposition 13 with a radio ad campaign highlighting the success of the landmark tax-limiting measure and the importance of protecting California taxpayers.

The ad campaign began on June 6 and ran for several weeks on multiple stations in cities throughout California. HJTA President Jon Coupal's voice was heard speaking these words:

"This year marks the 40th anniversary of Proposition 13, the historic tax revolt initiative that puts a limit on how much property taxes can go up and requires voter approval for other tax increases. Proposition 13 has protected millions of Californians from being taxed out of their own homes. It's also helped state and local governments by keeping property taxes stable and growing steadily, instead of bouncing around with the volatile real estate market.

"Californians already pay the highest state income tax, highest sales tax, highest gas and car tax, and among the highest business taxes. So it's no surprise that Sacramento politicians and special interests would like to dismantle Proposition 13 and raise property taxes too. But together we can stop them. We're the Howard Jarvis Taxpayers Association and we've defended Prop. 13 for 40 years. Learn more, and join us, at [hjta.org](http://hjta.org)." □



**San Diego County Water Authority**  
 4677 Overland Avenue • San Diego, California 92123-1233  
 (858) 522-6600 FAX (858) 522-6568 [www.sdcwa.org](http://www.sdcwa.org)

July 12, 2018

Jon Coupal, President  
 Howard Jarvis Taxpayers Association  
 921 11<sup>th</sup> Street, Suite 1201  
 Sacramento, CA 95814

MEMBER AGENCIES

- Carlsbad Municipal Water District
- City of Del Mar
- City of Escondido
- City of National City
- City of Oceanside
- City of Poway
- City of San Diego
- Fallbrook Public Utility District
- Helix Water District
- Lakeside Water District
- Olivenhain Municipal Water District
- Otay Water District
- Padre Dam Municipal Water District
- Camp Pendleton Marine Corps Base
- Rainbow Municipal Water District
- Ramona Municipal Water District
- Rincon del Diablo Municipal Water District
- San Dieguito Water District
- Santa Fe Irrigation District
- South Bay Irrigation District
- Vallecitos Water District
- Valley Center Municipal Water District
- Vista Irrigation District
- Yuima Municipal Water District

Dear Jon:

On behalf of the San Diego County Water Authority, I extend our sincere thanks for HJTA's support of our agency's Petition for Extraordinary Writ in our California Public Records Act litigation with the Metropolitan Water District of Southern California.

The Water Authority strongly believes the public has a right to the information MWD is withholding – information that shows the basis for its rates and charges. We hope, with your support, the court upholds the right of the public to have access to the essential information it needs to adequately review and participate in MWD's annual rate setting process. This necessarily includes access to MWD's fully functional rate model.

Again, thank you very much for supporting the San Diego County Water Authority and our Petition for Extraordinary Writ.

Best regards,

Dennis A. Cushman  
 Assistant General Manager

Cc: Mark Hattam, general counsel  
 Kelly Aviles, special counsel  
 Chris Frahm, special counsel

OTHER REPRESENTATIVE

County of San Diego

*A public agency providing a safe and reliable water supply to the San Diego region*

# HJTA SUES L.A. COUNTY FOR “GROSS MISCONDUCT”

In July, the Howard Jarvis Taxpayers Association filed a lawsuit against the County of Los Angeles for “gross misconduct” when it “illegally spent” close to \$1 million in taxpayer funds on political advertising. The lawsuit seeks reimbursement to the county treasury and civil penalties.

County officials spent the money on a campaign consultant and political advertising to promote Measure H, a sales tax increase that was on the ballot in March 2017. The advertisements

ran on television and radio, in English and Spanish, lauding homeless programs that Measure H would pay for, always with the tag line, “Measure H, Real Help, Lasting Change, Vote March 7,” but never mentioning that Measure H was a proposed tax increase.

While California law allows public funds to be spent providing voters impartial information regarding the pros and cons of a proposed ballot measure, it does not allow government to “take

sides’ in election contests or bestow an unfair advantage on one of several competing factions” (*Stanson v. Mott* (1976) 17 Cal.3d 206, 217).

Jon Coupal, president of the Howard Jarvis Taxpayers Association, stated, “Prior to the election, we complained to the Fair Political Practices Commission (FPPC), which is supposed to be a watchdog for taxpayers, that Los Angeles County officials were betraying the public trust by misusing public funds for

political campaigning. But after more than a year, the FPPC has failed to act, proving that it too is apparently controlled by partisan politicians. Thankfully, there really is a watchdog, called the Howard Jarvis Taxpayers Association, protecting the rights of taxpayers.”

HJTA’s lawsuit also alleges that the county failed to identify itself as the sponsor of its advertising and failed to file required campaign disclosures and expenditure reports. □

## ATRM Report

### THE TAX REVOLT CONTINUES TO REVERBERATE NATIONWIDE

By Eric Eisenhammer, Director of Grassroots Operations

As a member of the Howard Jarvis Taxpayers Association, you also enjoy dual membership in the American Tax Reduction Movement (ATRM), an organization begun by Howard Jarvis himself to be a resource to taxpayers nationwide.

Our passage of Proposition 13 in 1978 is widely credited as the beginning of a nationwide taxpayer revolt with political ramifications across the country. Forty years later, ATRM continues to work with taxpayers from around America in support of lower taxes and more fiscally responsible government.

In Nevada, we have collaborated with state and local elected leaders and pro-taxpayer volunteers on an effort to repeal the state’s hated “commerce tax.” This tax was rejected by nearly 80 percent of the state’s voters when it was put on the ballot in 2014, but was imposed by the State Legislature anyway the following year.

Nevada’s state controller organized a petition drive to put the measure back on the ballot

for a repeal. And while this effort failed to meet the required signature threshold, the issue continues to be a main part of the state’s political conversation, coming up repeatedly in forums held prior to the state’s recent primary. In fact, every Republican gubernatorial candidate, including the primary winner, has pledged support for repealing this tax.

In Texas, a taxpayer movement is also afoot and working in collaboration with ATRM. With its generally low taxes and pro-business policies, Texas has been the beneficiary of the greatest West to East migration in American history. This migration has in many ways benefited Texas, bringing new jobs from companies fleeing California and other high-tax states. However, this state of affairs has also led to sharp increases in property values, and with no system of property tax limitation in place, taxes have often risen commensurately.

ATRM has been in communication with Texas

taxpayers working on solving this problem. And while Texans enjoy a much more sympathetic state government than Californians, they also must battle entrenched special interests who support constant increases in “revenue.”

In response to the grassroots clamor for action, Governor Greg Abbott has made property tax reform a key element of his policy agenda, stating on his official website:

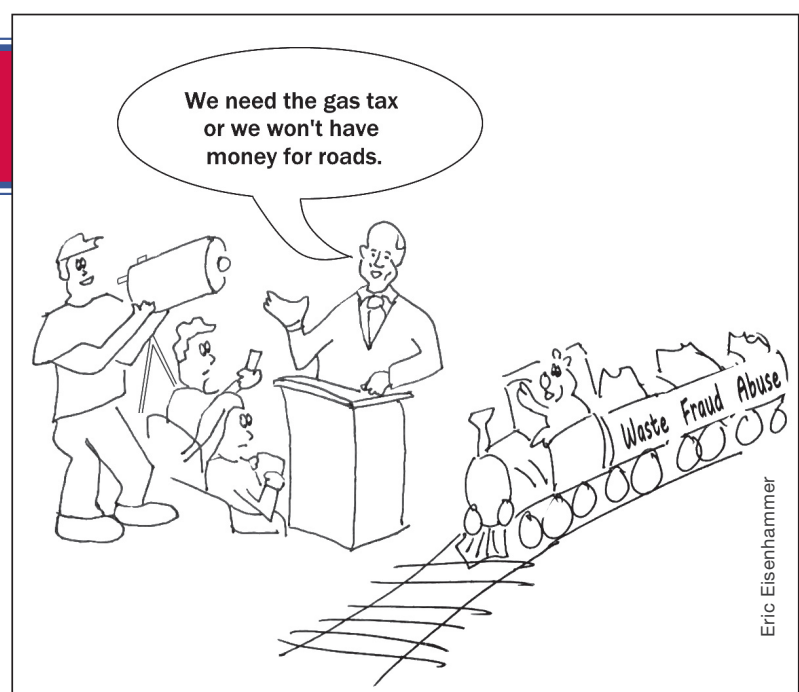
*No government should be able to disregard the private property rights of its citizens. We must remember: Property owners should not be RENTING their land from the city. We need property tax reform*

*that prevents cities from raising property taxes without voter approval. We need serious property tax reform with a real revenue cap.*

While our focus is on protecting Prop. 13 in California and preventing unnecessary tax increases here, through ATRM our efforts reverberate far outside California’s boundaries.

We recently launched a Facebook page for ATRM with updates both on national tax discussions in Washington and on state-level efforts of taxpayer movements around the country.

You can “like” ATRM on Facebook at [Facebook.com/AmericanTaxReduction](https://www.facebook.com/AmericanTaxReduction), and then don’t forget to share it with your friends!



Eric Eisenhammer



## TAX REVOLT! GAS TAX REPEAL *Continued from page 1*

voters in Senate District 29 recalled Josh Newman from office by a margin of nearly 60 percent to 40 percent and replaced him with former Assembly Member Ling Ling Chang.

The tax revolt is on.

The campaign to pass Proposition 6, the gas tax repeal initiative, held organizing meetings throughout the summer in preparation for a fierce fight against the special interests that are battling to keep the higher taxes on the books.

“Californians pay the highest taxes in the nation,” said HJTA President Jon Coupal, “and higher gas and car taxes are the wrong way to pay for long overdue road repairs. Money that California drivers already paid to fix the roads has been diverted to other priorities. That’s just wrong.”

The higher taxes on gasoline and car registration directly raise the cost of living in California, which already has the highest poverty rate in the country, over 20 percent, when the cost of living is taken into account. Higher taxes on diesel fuel — SB 1 raised the tax on a gallon of diesel by 20 cents — raise the price of everything that is transported by truck. Rising food prices

in California are directly attributable to the higher cost of transportation.

Although SB 1 raised taxes with the promise that the money would be used for road repair, about 30 percent of the revenue raised by the taxes is designated for other transportation priorities, including

public transit, bike lanes and walk paths. And the law includes not one reform to address the well-documented waste at the California Department of Transportation, which in 2016 was presented with the Independent Institute’s California Golden Fleece Award for its waste of billions of taxpayer dollars while at the same time demanding more funding.

The California State Auditor has repeatedly cited Caltrans for a lack of cost controls, leaving the agency’s projects vulnerable to waste, fraud and abuse.

Supporters of Proposition 6 say there is a better way to fund repairs and maintenance of the state’s transportation infrastructure. Assembly Bill 496, authored by Vince Fong,



Jon Coupal was a guest on the top-rated John and Ken Show on KFI AM 640 to talk about the repeal of the gas and car tax.

R-Bakersfield, would have used existing transportation-related revenues to fix the roads instead of raising taxes. For example, the bill would have required the sales tax revenue from the sales of vehicles to be spent on transportation, instead of going into the General Fund for lawmakers to spend on other priorities, or pet projects.

A proposal similar to AB 496 could be reconsidered if voters approve Proposition 6 to repeal the gas and car tax.

A broad coalition of taxpayer advocates, including the Howard Jarvis Taxpayers Association, is supporting Proposition 6. More information can be found at [VoteYesOnProp6.com](http://VoteYesOnProp6.com), [GasTaxRepeal.org](http://GasTaxRepeal.org) and [VoteForProp6.com](http://VoteForProp6.com). □

## STORMWATER PARCEL TAX TO GO BEFORE L.A. COUNTY VOTERS IN NOVEMBER

On July 17, the Los Angeles County Board of Supervisors voted 4–1 to put a new property tax before L.A. County voters on the November 6 ballot.

Only Supervisor Kathryn Barger voted against it. Those voting in favor of the tax increase were Sheila Kuehl, Hilda Solis, Mark Ridley-Thomas and Janice Hahn.

This parcel tax — so called because it is levied on each parcel of property, regardless of size or value — would impose an annual charge of 2.5 cents per square foot of “impermeable”

surface. That’s buildings, driveways, patios, parking lots and any other surface that does not allow rainwater to permeate into the ground. The tax will affect businesses, apartment buildings and homeowners, raising the cost of living in Los Angeles even higher.

The county has already used satellite photography to assess how much each property owner will be billed. You can see how much they’re planning to bill you by going online to [www.hjta.org](http://www.hjta.org) and clicking “Resources” on the main menu bar at the top of the

screen, then clicking “Taxpayer Tools” and “L.A. County Stormwater Tax Calculator.”

County officials say this tax is needed to pay for compliance with stormwater regulations, but earlier this year the California State Auditor issued a report questioning the need and appropriateness of stormwater regulations that have been imposed without regard to the cost or the burden they place on residents in local jurisdictions. You can read the auditor’s report online here: <http://auditor.ca.gov/reports/2017-118/index.html> □

## TAX BYTES

### NOT TOO TRASHY

An ex-sanitation worker for Los Angeles County is one of the top 100 highest pension earners in the CalPERS and CalSTRS systems, according to the *Sacramento Bee*, drawing the sum of \$345,417 per year.

### MOONLIGHTING ON THE BULLET TRAIN?

Two employees at California State University, Fresno, took long breaks and sometimes left the campus, skipping 5,100 hours of work over five years and getting paid \$111,000 for it.

### ASLEEP AT THE WHEEL

A Department of Motor Vehicles employee slept at her desk for more than 2,200 work hours between 2014 and 2017, costing state taxpayers over \$40,000.

### NO CHARGE

In 2013, a manager at California State University, Dominguez Hills, ordered his staff to buy a \$7,000 electric vehicle quick charger, without checking to see if it was compatible with the campus energy system. It wasn’t. Five years later, it still hasn’t been installed.

### ENOUGH RESEARCH ALREADY

The National Institutes of Health spent \$356,000 studying whether Japanese quail are more promiscuous on cocaine. Scientists say we could learn whether cocaine leads to high-risk behavior.

## ASSEMBLY DEMOCRATS REFUSE TO HONOR PROP. 13 *Continued from page 5*

our support of a proposition that protects California’s homeowners and allows people to stay in their homes,” said Assembly Member Dante Acosta, R-Santa Clarita, who introduced the resolution, ACR247. “Protecting our most vulnerable constituents from undue tax burdens should be a concept that transcends party lines.”

Acosta was not alone in that view. “In a world where the California Legislature was full of reasonable people who aren’t constantly looking

for ways to siphon off more money from taxpayers, ACR247 would’ve passed with ease,” opined Sal Rodriguez, columnist and editorial writer for the Southern California News Group, which includes the *Orange County Register*, the *Riverside Press-Enterprise* and the *Los Angeles Daily News*. “One-party dominance in California has only reinforced the contempt Democratic politicians have for taxpayers, taxpayer protections and Proposition 13,” Rodriguez wrote. □




**HOWARD JARVIS TAXPAYERS ASSOCIATION  
IS THE TAXPAYERS’ RESOURCE**

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Visit the HJTA website at [www.hjta.org](http://www.hjta.org).

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

# 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 coupon below to send us the name

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

## HJTA MEMBERS: HELP HJTA HELP YOU

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

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

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

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

Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_