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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 1 ★ Winter 2018–2019

PROPOSITION 13 TARGETED BY NEW GOVERNOR, NEW BALLOT MEASURE

California taxpayers are bracing for a battle following November election results that raise concerns about the future of Proposition 13 and the initiative process itself.

Lieutenant Governor Gavin Newsom was elected governor, defeating San Diego businessman John Cox in the race to succeed outgoing Governor Jerry Brown, 80, who was term-limited and barred from running for an unprecedented fifth term.

Proposition 6, the citizen initiative that would have repealed the tax increase on gasoline, diesel and vehicle registration, went down to defeat.

Proving he was no lame duck, Brown prevailed in his all-out

effort to retain the tax increase he signed in 2017. By a margin of roughly 55 percent to 45 percent, California voters said no to Proposition 6, which also would have forced politicians to seek voter approval of future fuel taxes and vehicle fees.

Nearly one million California voters signed petitions to put Prop. 6 on the ballot. But its fate was sealed when Attorney General Xavier Becerra changed the title of the measure from “Gas Tax Repeal Initiative,” the title of the measure when it circulated for signatures, to “Eliminates Certain Road Repair and Transportation Funding.”

Preelection polls showed that 60 percent of voters supported

Proposition 6 when told it was the “Gas Tax Repeal Initiative,” but a majority said no to the measure

“Prop. 13 remains under extreme threat,” said HJTA Legislative Director David Wolfe, who reviewed the results of state legislative races on election night.

when pollsters read the revised ballot title instead.

Reform California Chairman

Carl DeMaio, who spearheaded the campaign for Proposition 6, said he may propose a new initiative that would prohibit politicians from changing ballot titles. He also noted that the Yes on 6 campaign was massively outspent by the opposing campaign, which collected huge donations from contractors and unions that stood to reap financial benefits from the tax increase.

Cox sounded a similar theme on election night, warning that powerful special interests had hijacked California’s government, and vowing to pursue reforms to put control of the state back into the hands of the people.

In one bright spot for taxpayers
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Taxing Times



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PRESIDENT'S MESSAGE

CALIFORNIA'S BOONDOGGLES THREATEN PROPERTY OWNERS AND TAXPAYERS

By Jon Coupal

One would hope that, with the profound foolishness associated with California's infamous High-Speed Rail (HSR) project, our elected leadership would have learned a thing or two.

But this is California. Because we do things bigger and better than anyone else, it's apparent that one massive boondoggle isn't enough — we need two.

Let's recap what we'll call Boondoggle Senior.

The complete dysfunction of HSR is no longer in dispute. Missed deadlines for the business plans, lack of transparency, massive cost overruns, engineering hurdles that make the project virtually impossible to complete and a lack of funding are tops on the list. Not only is HSR no longer viable, but the biggest irony is the project was justified on grounds that it would reduce greenhouse gas (GHG) emissions. Even there it fails, as the independent Legislative Analyst

has concluded, because the project will be a net GHG producer for the foreseeable future.

HSR is now an international joke. Many who originally supported the High-Speed Rail project have changed their opinions, including a former chairman of the HSR Authority.

Boondoggle Junior is the planned construction of the Twin Tunnels project through the Sacramento River Delta, also known as WaterFix. While there is no doubt that California needs additional water infrastructure — and the dams and canals we have now are in need of serious maintenance — Governor Brown's Twin Tunnels project suffers from the same major flaw as High-Speed Rail — an abject lack of planning and no vision for how the project will be funded.

Like the High-Speed Rail project, the financing for the Twin Tunnels is illusory. Many

of the potential major wholesale customers of water from the Twin Tunnels are highly skeptical of its viability and balk at paying for it. The one exception is the Metropolitan Water District in the greater L.A. area, which has now said it will pay for the full project. Of course, that means its customers will pay.

Lack of transparency is another quality the Twin Tunnels project shares with HSR. Earlier this week, the Joint Legislative Budget Committee held a hearing that opened the way for an extension of the long-term contracts for the State Water Project for another 50 years. (The hearing was supposed to be conducted in the waning days of the Legislative session, but because the topic is so controversial, it was delayed until after everyone left town.)

Amendments to the water contracts that have raised eyebrows are the elimination of a

restriction that says bonds cannot be used for any project built after 1987 and a provision that removes the requirement for consensus among the water contractors. This could allow a majority of agencies to run roughshod over those who object.

Finally, the real threat from the manner in which water issues are being jammed through a backroom process is the potential for unvoted property tax increases to pay for the Twin Tunnels project.

Taxpayer advocates will continue to monitor this unfolding controversy and do what is necessary to ensure the much-needed transparency that is currently lacking. And, of course, if the ultimate outcome envisions property tax hikes that are not approved by the voters who will have to pay them, the next step will be a trip to the courthouse that will be much faster than any High-Speed Rail project. □

Happy Holidays *from your*
BOARD OF DIRECTORS



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PRESERVE THE BENEFITS OF PROPOSITION 13

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


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 QUESTIONS ANSWERED

IF I REMODEL MY HOME, WILL MY PROPERTY TAXES GO UP?

Under Proposition 13, property is assessed for tax purposes at the purchase price, and the assessed value cannot be raised more than two percent per year unless there is a change of ownership or new construction.

But what constitutes “new construction” and how much will the taxes go up?

Under California property tax law, “new construction” is:

- Any substantial addition to land or improvements, including fixtures.
- Any physical alteration of any improvement, or a portion thereof, to a “like-new” condition, or to extend its economic life, or to change the way in which the improvement, or portion thereof, is used.
- Any substantial physical alteration of land which constitutes a major rehabilitation of the land or changes the manner in which it is used.

- Any substantial physical rehabilitation, renovation or modernization of any fixture that converts it to the substantial equivalent of a new fixture or any substitution of a new fixture.

Your county assessor’s office reviews permits individually and determines what is “substantially equivalent” to the old fixtures and what is assessable as new construction. If you do any remodeling, it’s a good idea to document what you’re replacing by taking photos before the work is done.

In general, remodeling and repair that are part of normal maintenance or cosmetic are not considered assessable. New additions that increase the square footage of a home or add new improvements that didn’t exist before are assessable.

So replacing your roof, oven or kitchen faucet would not raise your property taxes, but converting a garage or unfinished attic into a

bedroom would.

If you disagree with a new assessment, you can file an appeal. Contact the clerk of your county board of supervisors for more information about the appeals process.

By law, some types of remodeling and new construction are exempt from reassessment. Solar panel installations are excluded from reassessment, and so is seismic retrofitting. Rebuilding after a fire or other disaster isn’t considered “new construction” for the purpose of property tax assessments.

Another important exclusion from reassessment is new construction for disabled accessibility.

Under Section 74.6 of the California Revenue and Taxation Code, the construction, installation, removal or modification of any portion or structural component of an existing building or structure that is done for the purpose of making the building or structure more accessible to, or

more usable by, a disabled person, is excluded from reassessment.

However, this exclusion is not automatic. The property owner must notify the county assessor prior to or within 30 days of the completion of the project for which the exclusion will be claimed. All the documents necessary to support the claim must be filed with the assessor no later than six months after the completion of the project.

To claim the exclusion from reassessment for disabled accessibility construction, file form number BOE-63-A. It’s available from your county assessor’s office or website.

And here’s the answer to one more question: Only the improvements will be subject to reassessment, not the entire property. The assessment on the rest of the property won’t change. Remodeling will not cause you to “lose the Prop. 13” on your home. □

This column appeared in a number of California newspapers.

BY ALL MEANS, LET’S EDUCATE THE VOTERS ABOUT PROPOSITION 13

California Commentary from the Howard Jarvis Taxpayers Association – August 19, 2018

By Jon Coupal

This week, progressive interest groups announced they had sufficient signatures to qualify an initiative for the 2020 ballot that is a direct attack on Proposition 13. Specifically, this so-called “split roll” initiative would raise property taxes on the owners of business properties to the tune of \$11 billion every year, according to the backers. Because many small business owners rent their property via “triple net” leases, they too would be subject to radical increases in the cost of doing business.

Although there is a statewide election this November, the “split roll” measure will not appear on the ballot until 2020 because the proponents, either intentionally or not, did not submit their signatures in time for the 2018 ballot. They say they anticipate a better voter turnout in two years, which in itself may be wishful thinking. Ben Grieff, a community organizer with the ultra-progressive group Evolve, also said that the later election would be necessary to lay the groundwork for “a long

two-year campaign” and that “we need all of that to educate people.”

Well, educating people about Prop. 13 cuts both ways. And if past campaigns and polling are any indication, the more Californians learn about Prop. 13, the more they like it.

So let’s start today’s lesson with an overview of a class we’ll call “Why Prop. 13 Is Good for California.” Here are the benefits of it in a nutshell:

Prop. 13 limits the tax rate on all real estate in California to one percent. Increases in the taxable

value of property — often referred to as the “assessed value” — are limited to two percent per year. This prevents “sticker shock” for property owners when they compare their tax bills to the previous year’s bill. Property is reassessed to full market value when it is sold. This system of taxing property benefits homeowners because Prop. 13 makes property taxes predictable and stable so homeowners can budget for taxes and remain in their homes.

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THE LEGAL FRONT

HJTA SUES TO STOP GOVERNMENT TAKEOVER OF RETIREMENT ACCOUNTS

By Timothy A. Bittle, HJTA Director of Legal Affairs

The man selling tickets at one of the betting windows of Santa Anita Racetrack registered complete bewilderment when a horse stepped up and asked to bet on himself.

“What’s the matter?” asked the horse. “Are you surprised I can talk?”

“No,” answered the man. “I’m surprised you think you can win.”

That’s the way we reacted when the State of California passed legislation establishing a state-run pension program for private-sector employees.

We weren’t surprised that the state thought this was a good idea. California wants to control everything in our lives: what we can buy, what we can sell, who we can hire, what we can drive, what we can build, what our T-shirts can say, what our children are taught about sex and gender, what “fake news” we’re allowed to read, etc. Bills to establish state-run universal health care are introduced in the Legislature every year and keep gaining momentum. And although California has over 700 miles of direct access to the largest body of water on the planet, a new bill that takes effect in January, AB 1668, establishes a standard for indoor residential water use of only 55 gallons a day.

So, we’re not surprised that California wants to create a giant new government bureaucracy managing the retirement investments of private-sector employees. The thing that surprises us is that the state thinks it can succeed.

The state already has a giant government bureaucracy — CalPERS — that manages retirement funds. Although the CalPERS investment portfolio has performed much better since

President Donald Trump was elected, nevertheless its annual rate of return over the last decade was less than five percent. The cities and counties that belong to CalPERS would have fared better had they invested their money in the S&P 500, which earned over 11 percent during the same time period.

One reason for CalPERS’s lower-than-average rate of return is that a host of state laws limits what it can invest in. These limits are not related to fiduciary concerns; they are politically motivated. CalPERS cannot invest in companies that produce tobacco, or coal, or firearms, or that operate private prisons, or that do business with South Africa, or that are involved in the Dakota Access Pipeline or the building of a Mexican border wall. And the list goes on.

Now California wants to take the same strategy that has failed public employees and put it to work investing the money of private employees. The program is called CalSavers. It will require every employer of five or more employees to offer the CalSavers plan, to enroll all employees in the plan unless they fill out paperwork every year to opt out, and then to withhold money from their paychecks and remit it to the state.

There are several reasons HJTA opposes this plan. First, CalSavers will grow the cost and size of government. Second, employees already have many retirement investment options available to them. CalSavers adds unnecessary new burdens on private businesses to “fix” a problem that does not exist.

A major reason we oppose the plan is that CalSavers will

pay participating employees a fixed rate of return. If the state’s investments earn less, taxpayers must pick up the difference. On the other hand, if those private dollars earn more than the fixed rate of return, the state will pocket the difference.

Another reason we oppose the plan is that private employees’ contributions are not secure. If their money is mismanaged, they have no recourse. Under CalSavers, employee funds will not be federally insured or state insured; employees will not be able to sue their employers, nor can they sue the state.

But the biggest reason we oppose the plan, and the reason that we filed suit, is that the plan is illegal. It is preempted by a federal law, ERISA, which stands for Employee Retirement Income Security Act. ERISA sets forth uniform qualifications for private retirement savings plans, and uniform standards for transferring accounts, processing claims and disbursing benefits. Most important, ERISA provides security for invested funds. Any plan that does not meet ERISA’s requirements is prohibited. And that includes state-run plans.

We filed suit in federal district court on May 31, 2018. We’re asking the court to declare CalSavers invalid. Instead of answering our complaint, the state filed a motion to dismiss the case. The state argues that the case is premature because the program has not been imposed on anyone yet. It also contends that HJTA does not have standing. The briefing on the motion is complete, and we should have a decision from the court soon. □



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Members
for making
this work
on your
behalf possible.



THE
GUESSING
GAME

**HOW HIGH WOULD YOUR TAXES BE
WITHOUT PROP. 13?**

Try our Guessing Game tax calculator on the
www.hjta.org website and find out!

UNDER THE DOME

2018 WAS A GOOD YEAR FOR TAXPAYERS

By David Wolfe, HJTA Legislative Director

It is not often this column gets to report good news to taxpayers regarding the affairs of the California Legislature. After all, legislative Republicans (historically the most friendly to taxpayers) have been complicit in eight separate tax-increase votes since 2013. With friends like these, who needs enemies? But I'm proud to report that for the first time in the last two years, and only the third time in the last six years, no new taxes were approved by the State Legislature in 2018! Importantly, Proposition 13 also remains completely protected.

Of course that's not to say legislators didn't try to raise taxes and undermine Proposition 13's two-thirds vote protections. Even with a \$130 billion budget and a \$9 billion surplus, it wasn't enough for them. Here's a list of the taxes that were proposed this year, and ultimately defeated:

- Assembly Constitutional Amendment 4 would have lowered Proposition 13's two-thirds vote requirement for special taxes in order to fund affordable housing programs. There's no denying California has an affordable-housing problem, as evidenced by the fact that one-third of households spend half their take-home pay on rent, and only about the same percentage is able to afford a median-priced home, currently over \$550,000. But lowering the vote threshold to pass special taxes, which includes parcel taxes, won't make home ownership more affordable.
- Senate Constitutional Amendments 6 and 22 were measures that sought to lower Proposition 13's two-thirds vote requirements to

55 percent to fund special tax increases on local transportation and education programs respectively. Regarding parcel taxes, remember that while everyone gets to vote on these measures, only property owners pay. That speaks to how imperative it is that Proposition 13's protections remain in place.

- Assembly Bill 2303 was a 10 percent tax on small business vendors who contract for services with private California prisons.
- Assembly Bill 2497 placed a tax on guns and ammunition.
- Assembly Bill 2486 placed a \$100 million tax on opioid distributors in order to fund treatment programs.
- Senate Bill 794 imposed a three percent point-of-sale tax on fireworks.
- Assembly Constitutional

Amendment 13 imposed an additional one percent income tax increase for those making over a million dollars a year in order to provide universal higher education.

- Senate Bill 993 placed a sales tax predominately on business services that would cost tens of billions of dollars.
- Assembly Constitutional Amendment 2 reimposed a billion dollar "snack tax" that voters roundly repealed back in 1992. The methodology of this tax is unfair and punitive. Bottled water was listed as a snack to be taxed. Granola bars were included, but granola was not.

If that weren't enough, further taxes were introduced to fix two legitimate and serious concerns. Currently, there are about a million California residents, mainly in

Continued on page 11

ATRM Report – American Tax Reduction Movement

TALK OF MORE TAX HIKES ROCKS ILLINOIS GOVERNOR'S RACE

The race for governor of Illinois was rocked by a battle over tax hikes, as four candidates offered their ideas for addressing the state's dire financial condition.

If raising taxes solved the problems of state government, Illinois would be a paradise.

Homeowners in Chicago saw their property tax bills go up last summer by an average of \$110, or 2.75 percent, following the previous year's average tax increase of 10 percent.

Outside the city, property owners in some suburbs were hit with tax hikes that averaged \$247 for the average homeowner, an increase of almost 5 percent.

Part of the problem is that in 2015 Chicago Mayor Rahm Emanuel pushed through a four-year property tax increase

to pay for the city's pension obligations. It didn't help that a 2017 investigation found Cook County's assessment process to be massively unfair to lower-income homeowners while benefiting property owners in upscale neighborhoods.

Taxes in Illinois are such a mess that U.S. Supreme Court Chief Justice John Roberts recently cited the state's sales tax on candy as an example of ridiculously complicated rules.

For example, Snickers bars are taxed at the regular sales tax rate of 6.25 percent, but the sales tax on Twix bars is only one percent.

That's because candy that contains flour as an ingredient and doesn't have to be refrigerated gets a tax break. The Illinois Department of Revenue

has two pages of regulations explaining the definition of candy.

In 2017, Illinois lawmakers passed the largest permanent income tax in state history, but even with the \$5 billion tax hike, the next state budget had a \$1.5 billion deficit.

The problem, of course, is spending. In the past ten years, state spending and debt have run far ahead of revenues.

What did the candidates for governor propose?

Democrat J. B. Pritzker, a challenger to incumbent Republican Governor Bruce Rauner, proposed a graduated income tax but refused to say how high it would be or at what income level it would hit taxpayers. Rauner called that a massive tax increase and vowed

to oppose it. He has proposed an income tax cut tied to pension reform.

Conservative Party candidate Sam McCann called for "zero-based budgeting" to force state departments to justify their entire budget every year, and said he supports rolling back the 2017 income tax increase.

Libertarian Kash Jackson said he would prefer a flat tax to a graduated income tax. He proposed a freeze on local property taxes for five years and new legislation to require local tax hikes to be approved by two-thirds of voters.

And what did the voters think?

On November 6, Pritzker defeated Rauner by a margin of 54%–39%. McCann was third with 4% and Jackson had 2%.

HOWARD JARVIS TAXPAYERS ASSOCIATION

The Inland Empire was the site of HJTA's 40th anniversary taxpayer conference in September. Members had an opportunity to hear from HJTA's great team and special guest speakers about issues that affect the lives of all Californians.

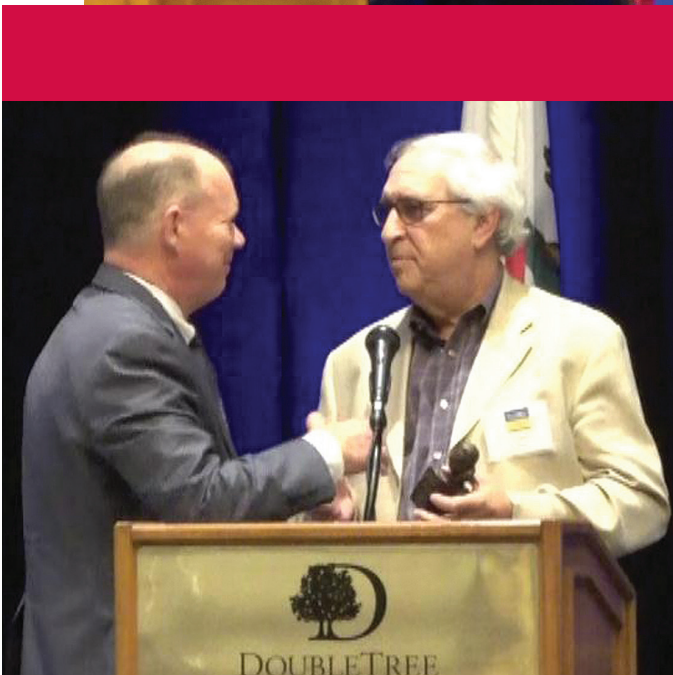


HJTA President **Jon Coupal** presented an overview of the threats to Proposition 13 from politicians and special interests who seek to grab more and more of your money.

Two members of the HJTA family, former executive directors **Joel Fox** and **Kris Vosburgh**, were honored for their many years of outstanding work on behalf of California taxpayers. Jon Coupal presented each of them with an inscribed sculpture of Howard Jarvis.



Director of Legal Affairs **Tim Bittle** gave a rundown of HJTA's work in the courts to protect taxpayers from illegal taxes and schemes by politicians to evade constitutional requirements for voter approval. Tim's latest report, "The Legal Front," can be found on page 4.



40TH ANNIVERSARY TAXPAYER CONFERENCE



HJTA's longtime board member and counsel **Trevor Grimm**, who was Howard Jarvis's personal attorney, was honored with a special plaque commemorating the 40th anniversary of Proposition 13. L to R, **Kris Vosburgh**, **Jon Coupal**, HJTA Chairman of the Board **Craig Mordoh**, **Joel Fox**



Economist, educator and entrepreneur **Sean Flynn**, author of the best-seller *Economics for Dummies*, explained how the right government policies can foster economic growth and job creation.



Legislative Director **David Wolfe** talked about the successes taxpayers enjoyed in the most recent legislative session as tax-hike proposals were defeated. Turn to page 5 for David's report, "Under the Dome."

Senator **Mike Morrell**, R-Rancho Cucamonga, gave an insider's view from Sacramento, where advocates for taxpayers have their work cut out for them.



Carl DeMaio, chairman of Reform California, shared the inside story about the effort to repeal the gas tax.

Business owner and mayor of Calimesa **Jeff Hewitt** spoke about the problem of California's unfunded pension liabilities and how local governments can lead the way to real reform.



Director of Grassroots Operations **Eric Eisenhammer** offered insights into the use of social media, including Facebook and Twitter, to reach voters and connect with supporters. Turn to page 10 for Eric's report, "Taxpayers Reaching Millions on Social Media."



2018 HJTA LEGISLATIVE REPORT CARD

Our report card is designed to help Californians gauge how their state representatives are actually performing on taxpayer-related issues, including tax increases and direct attacks on Proposition 13. Thirteen legislators received perfect scores in 2018: **Assembly Members Catharine Baker, Frank Bigelow, Bill Brough, Phil Chen, Heath Flora, Kevin Kiley, Tom Lackey, Devon Mathis, Melissa Melendez, Jay Obernolte, Marc Steinorth and Randy Voepel, and State Senator Mike Morrell.**

Please know that it is very important to HJTA that this process be as fair and nonpartisan as possible. To aid in this objective, we have given half credit for all vote abstentions. We believe those legislators with the courage to abstain as opposed to always pushing the green button should be rewarded in some fashion. To that end, we note that two Democrat legislators, **Sabrina Cervantes and Sharon Quirk-Silva,** received “B” grades, their best scores ever.

We encourage you to see how your legislators scored, then also to take the next — and most important — step and contact your legislator’s office to express your support or concern.

The 2018 scores stem from 11 bills. For more information about our methodology, go to www.hjta.org or e-mail Legislative Director David Wolfe at david@hjta.org.



Jon Coupal and HJTA Legislative Director David Wolfe getting ready to deliver petitions signed by Members in support of protecting Proposition 13 to lawmakers at the Capitol.

ASSEMBLY MEMBER SUMMARY											
ASSEMBLY MEMBER	PARTY	%	GRADE	ASSEMBLY MEMBER	PARTY	%	GRADE	ASSEMBLY MEMBER	PARTY	%	GRADE
Acosta	R	92.3	A	Flora	R	100	A	McCarty	D	7.7	F
Aguiar-Curry	D	9.4	F	Fong	R	91.3	A	Medina	D	12.5	F
Allen	R	91.3	A	Frazier	D	8.3	F	Melendez	R	100	A
Arambula	D	25	F	Friedman	D	8.3	F	Mullin	D	6.7	F
Baker	R	100	A	Gabriel	D	9.1	F	Muratsuchi	D	30.7	F
Berman	D	8.3	F	Gallagher	R	91.3	A	Nazarian	D	8.3	F
Bigelow	R	100	A	Garcia, C.	D	16.6	F	O'Donnell	D	25	F
Bloom	D	6.3	F	Garcia, E.	D	11.5	F	Obernolte	R	100	A
Bonta	D	7.7	F	Gipson	D	8.3	F	Patterson	R	96.5	A
Brough	R	100	A	Gloria	D	9.1	F	Quirk	D	17.9	F
Burke	D	3.4	F	Gonzalez Fletcher	D	8.3	F	Quirk-Silva	D	88.4	B
Caballero	D	25.1	F	Gray	D	32.2	F	Rendon	D	8.3	F
Calderon	D	8.3	F	Grayson	D	9.4	F	Reyes	D	8.3	F
Carrillo	D	7.7	F	Harper	R	96.1	A	Rivas	D	3.4	F
Cervantes	D	84.6	B	Holden	D	7.7	F	Rodriguez	D	11.5	F
Chau	D	7.7	F	Irwin	D	60.4	D	Rubio	D	20.8	F
Chavez	R	95.9	A	Jones-Sawyer	D	8.3	F	Salas	D	75	C
Chen	R	100	A	Kalra	D	8.3	F	Santiago	D	7.7	F
Chiu	D	8.3	F	Kamlager-Dove	D	15.4	F	Steinorth	R	100	A
Choi	R	91.6	A	Kiley	R	100	A	Stone	D	7.7	F
Chu	D	3.4	F	Lackey	R	100	A	Thurmond	D	8.3	F
Cooley	D	35.7	F	Levine	D	16.7	F	Ting	D	7.7	F
Cooper	D	20.8	F	Limon	D	7.7	F	Voepel	R	100	A
Cunningham	R	95.9	A	Low	D	3.4	F	Waldron	R	90.6	A
Dahle	R	91.3	A	Maienschein	R	84.6	B	Weber	D	7.7	F
Daly	D	29.2	F	Mathis	R	100	A	Wood	D	8.3	F
Eggman	D	11.5	F	Mayes	R	91.7	A				

ASSEMBLY MEMBER SUMMARY: A = 24 (90–100%) B = 3 (80–89%) C = 1 (70–79%) D = 1 (51–69%) F = 51 (0–50%)

Continued on page 9

2018 HJTA LEGISLATIVE REPORT CARD

Continued from page 8

SENATOR SUMMARY											
SENATOR	PARTY	%	GRADE	SENATOR	PARTY	%	GRADE	SENATOR	PARTY	%	GRADE
Allen	D	6.7	F	Glazer	D	20.9	F	Nielsen	R	91.6	A
Anderson	R	96.1	A	Hertzberg	D	6.3	F	Pan	D	8.3	F
Atkins	D	8.3	F	Hill	D	5.9	F	Portantino	D	8.3	F
Bates	R	91.7	A	Hueso	D	7.7	F	Roth	D	28.5	F
Beall	D	7.8	F	Jackson	D	8.3	F	Skinner	D	6.7	F
Bradford	D	8.3	F	Lara	D	12.1	F	Stern	D	14.2	F
Cannella	R	46.5	F	Leyva	D	5.6	F	Stone	R	96.1	A
Chang	R	90.9	A	McGuire	D	12.1	F	Vidak	R	92.9	A
De Leon	D	12.5	F	Mitchell	D	8.3	F	Wieckowski	D	20	F
Dodd	D	3.4	F	Monning	D	8.3	F	Wiener	D	3.4	F
Fuller	R	87.5	B	Moorlach	R	94.1	A	Wilk	R	87.5	B
Gaines	R	93.3	A	Morrell	R	100	A				
Galgiani	D	3.4	F	Nguyen	R	94.1	A				

SENATOR SUMMARY: A = 10 (90–100%) B = 2 (80–89%) C = 0 (70–79%) D = 0 (51–69%) F = 25 (0–50%)

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

Senator Josh Newman did not receive a grade due to his being recalled from office.

Senator Tom Berryhill did not receive a grade due to insufficient votes.

The grades for Assembly Members Gabriel, Kamlager-Dove and Rivas and Senator Chang may have outliers in their scores due to their taking office later in the legislative year.

Neither Senator Tony Mendoza nor his replacement, Vanessa Delgado, received grades in this scorecard.

Regarding AB 2376 and SB 998, only final floor votes in the Assembly and Senate are included.

Regarding AB 1184 and SB 152, only votes taken after August 28 are included due to its being a gut-and-amend proposal.

Regarding SB 1145, only votes taken after June 12 are included.

Abstention votes are given half credit in the scorecard.

To find the names and contact information of your representatives, go online to findyourrep.legislature.ca.gov or check your local phone book for listings of government offices.

This column appeared in a number of California newspapers.

TAXPAYER DANGER LURKS BENEATH CALIFORNIA'S EMPLOYMENT NUMBERS

California Commentary from the Howard Jarvis Taxpayers Association – August 26, 2018

By Jon Coupal

On a superficial level, things look pretty good in California. Sure, we have big problems with wildfires and other periodic disasters, but the state's finances have made a strong recovery since the depths of the recession. Indeed, Governor Brown has repeatedly touted the multi-billion-dollar surplus and the state's balanced budget.

But objective assessments from government experts and academicians have warned of troubling aspects of the state's financial condition. These include mega projects we can't pay for, business flight out of California,

unfunded pension obligations in the hundreds of billions of dollars, a state government that is growing much faster than population and inflation combined and a dysfunctional political system.

Close analysis reveals that California is like a home with a fresh coat of paint but a crumbling foundation. It may look pretty, but there are serious problems that are not readily apparent.

One area where there is a gulf between superficial appearance and reality is in California labor statistics. Here again, on the surface, the state's 4.2 percent unemployment rate looks very

good—and it is. During the depths of the recession, the state hit a high of 12.2 percent unemployment and tens of thousands of Californians were suffering. There's no denying that we've seen a vast improvement.

But there are metrics beyond the simple unemployment rate that must be taken into consideration to fully comprehend the health of California's labor force. A recent report from the California Center for Jobs and the Economy has troubling news: "California's labor force grew only 16,922 over the 12 months ending July 2018, or 0.1 percent growth. The U.S.

as a whole grew 1.8 million — a 1.1 percent expansion." In other words, California's labor force has seemingly hit a plateau — an unusual occurrence given the strength of the national economy.

When it was coming out of the recession, California was a job-creation machine. Indeed, for many quarters it was producing more jobs than economic powerhouses like Texas. But some context is necessary here. Because California was harder hit in the recession, we basically had nowhere to go but up. That gave the appearance that California

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TAXPAYERS REACHING MILLIONS ON SOCIAL MEDIA

By Eric Eisenhammer, Director of Grassroots Operations

Our social media outreach complements the coverage taxpayers receive in traditional media, and thanks to an engaged and fast-growing following, social platforms greatly amplify our message.

With over 23,500 followers between Facebook, Twitter and Instagram, we are reaching a huge audience. In the last three months, our posts earned 2.3 million impressions, or eyeballs on content we shared, and over 100,000 engagements. In this same period, we also gained nearly 1,000 new fans.

Besides simply conveying our message to a lot of people, our social media also reaches diverse age groups, introducing younger taxpayers to a perspective they may not hear about from their liberal college professors.

Sacramento's overregulation, high taxes and easily apparent corruption and dishonesty make the political class a deserved target

for humor. In the Capitol, the lobbyists and politicians have the power, and their ridiculous claims are treated as serious arguments. The discussions that take place there are the embodiment of "The Emperor Has No Clothes." However, on social media they don't have the power and we can make fun of them in the way they deserve.

In addition to mocking the political elite, our social media platforms give us the ability to share valuable resources with a wide audience, including our annual *Follow the Money* reports documenting instances of waste, fraud and abuse in our government, online calculators letting taxpayers find the precise cost of proposed tax increases such as Los Angeles County's controversial stormwater parcel tax, Jon Coupal's weekly commentaries, and action alerts on important pending legislation.

Nineteen million Californians



have Facebook accounts and millions more are on Twitter and Instagram. The days when reporters and major media outlets could decide what information you have access to are now in the past.

Beyond our main pages, we also have created social media profiles for the American Tax Reduction Movement and HJTA

PAC to share news related to national politics and supporting our endorsed candidates.

If you're not following us now, look us up on Facebook, Twitter or Instagram, and if you are, share our pages with your friends so they can be in the know as well! □

TAXPAYER DANGER LURKS

Continued from page 9

was outperforming other states in job growth when, in truth, we had more ground to make up.

Some other figures from the California Center are equally disturbing, such as the fact that we are not creating jobs as fast as we were when coming out of the recession: "Between July 2017 and July 2018, Bureau of Labor Statistics (BLS) data shows the total number of employed in California increased by 120,600 (seasonally adjusted), or 4.9 percent of the total net employment gains in this period for the U.S. Based on the total numbers, California dropped to 5th place behind Texas (which has a civilian working-age population only 69 percent as large as California's), Florida (55 percent as large), Massachusetts and Georgia. Measured by percentage

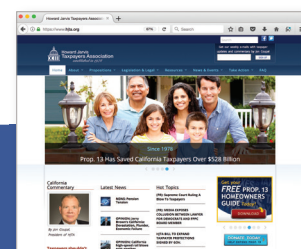
change in employment over the year, California dropped to 36th highest. Adjusted for working-age population, California dropped to 36th as well."

Moreover, there is significant concern over the types of jobs being created: "Nearly half (48 percent) of net jobs growth since the recession has been in the lower-wage industries. For the 12 months ending July 2018, lower-wage industries accounted for over a quarter (28 percent) of new jobs, while middle-class blue-collar jobs produced over a quarter (30 percent) as construction levels remained higher compared to prior years."

Diving into employment numbers isn't that exciting for the average voter, but this is important because California

will need a growing — not stagnant — workforce that will share the burden of paying down the state's prodigious level of debt — particularly all the pension obligations our politicians have committed us to. As explained by the California Center's report, "While workers elsewhere continue to return to the workforce, California's continued low rate has implications for future growth in the state, including the ability to sustain jobs expansion as fewer workers are available and continued effects on state and local budgets for higher social program spending compared to other states."

Translated, this simply means we need more people working in well-paying jobs if California hopes to avoid insolvency. □



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

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HJTA.ORG

PROPOSITION 13 TARGETED BY NEW GOVERNOR

Continued from page 1

and property owners, Proposition 10 went down to defeat by a decisive margin. The measure would have allowed cities to enact new rent-control laws, even on individual homes and condominiums. Voters heard the message that Prop. 10 would make the housing crisis in California worse by discouraging the development of new rental properties.

But in an ominous sign for taxpayers, Newsom has said Proposition 13 is “on the table” in his plans to address the state’s housing issues.

Proposition 13 has already been targeted by a new initiative that recently qualified for the 2020 ballot. The measure would split the property tax roll in California and remove Proposition 13’s protections for business properties, allowing commercial

real estate to be reassessed at market value each year. That would effectively raise taxes on businesses automatically as real estate values rise. Proponents of the initiative have named it “The California Schools and Local Communities Funding Act.”

“Prop. 13 remains under extreme threat,” said HJTA Legislative Director David Wolfe, who reviewed the results of state legislative races on election night. “Democrats will have at least two-thirds supermajority in both houses of the Legislature. The only question is by how much.”

With a supermajority in both houses, Democrats can pass tax increases and put constitutional amendments on the ballot without a single Republican vote.

The election results highlight the urgent importance of the

work ahead for the Howard Jarvis Taxpayers Association. HJTA will be vigilant in Sacramento against efforts to burden Californians with even higher taxes.

Members of HJTA play a key role in this effort by supporting the organization, recruiting new members and making phone calls to lawmakers about important upcoming votes. HJTA sends regular updates by mail and Action Alerts by e-mail. To join or subscribe, sign up online at www.hjta.org.

“The Howard Jarvis Taxpayers Association is more committed than ever to protecting taxpayers and homeowners,” said HJTA President Jon Coupal. “We are the only organization in California dedicated to protecting Proposition 13 and fighting to make sure Californians are never again taxed out of their own homes.” □

UNDER THE DOME

Continued from page 5

the Central Valley, without access to clean water. A bill would have added a \$1-per-month water tax on a majority of California property owners to pay for fixing this. In order to get around the two-thirds tax requirement, legislators gave individuals the ability to opt out of paying this. The only problem was that the opt-out language included no specifics. Would people have to opt out every month? What about those people who have their bill automatically paid by credit card? Would they even know that the tax existed?

This water tax, the first in the nation, would have cost millions of dollars annually for water agencies to implement as they monitored who opted in and out of paying every month. Ultimately, a permanent tax is not needed to solve a one-time \$120 million problem. This is especially true when one considers all the existing funding sources that could pay for clean water, including the state General Fund and existing bond funds. If government can’t provide clean drinking water without taxing it first, it calls into question what our elected officials’ fiscal priorities really are.

Finally, another budget bill would have imposed a tax of up to 80 cents per month on cell phones to fund a new 911 system, which hasn’t been upgraded in over 30 years. While HJTA doesn’t dispute the need for such a system, especially after recent deadly fires across California, a permanent tax increase is not needed to pay for a one-time appropriation that totals \$170 million dollars. Put another way, that’s .01 percent of the entire General Fund budget. Public safety funding should be a priority in a budget with a \$9 billion surplus.

Don’t forget to go to the “Legislation & Legal” section of our website at www.hjta.org to learn more about the positions HJTA took on legislation important to you. As always, it remains a pleasure to serve you in the Capitol hallways in Sacramento. □

LET’S EDUCATE THE VOTERS

Continued from page 3

Renters benefit because Prop. 13 makes property taxes predictable and stable for owners of residential rental property, and this helps to reduce upward pressure on rents. If one believes that California’s current housing crisis is bad now, imagine how high rents would be if the owners of the property were forced to pass along their higher tax bills to their tenants. In truth, Prop. 13 increases the likelihood that renters, too, will be able to experience the American dream of home ownership.

Business owners, especially small-business owners, benefit because Prop. 13 makes property taxes predictable for businesses, and it helps owners budget and invest in growing their businesses. This helps create jobs and improves the economy. California has ranked dead last among all 50 states in business climate by *The CEO Magazine* every year for more than a decade. Prop. 13 is one of the only benefits of doing business in California.

Local government and schools benefit because Prop. 13 provides a reliable, stable and growing revenue source. Even

when real property values drop, property tax revenues continue to grow. Indeed, some counties in California actually saw year-over-year increases in property tax revenue despite declining market values during the Great Recession. It is also important to note that even with Prop. 13, California remains a high property tax state. We are significantly higher than average in per capita property tax collections.

Neighborhoods benefit from Prop. 13 because it helps to stabilize neighborhoods, as residents are no longer driven out by unaffordable tax increases. Indeed, keeping neighborhoods intact was one of the key rationales that the U.S. Supreme Court cited when it rejected a challenge to Prop. 13 in 1992.

Strangely enough, defenders of Prop. 13 have something in common with those who wish to weaken or repeal it. That is, both sides believe that more education of voters will benefit our respective camps. But unlike progressive tax-and-spend groups like Evolve, we have both history and common sense on our side. □



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

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

VISIT
www.hjta.org



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 grass-roots 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

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

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

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

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

Name: _____

Street Address: _____

City: _____ State: _____ Zip: _____

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