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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. 49, Issue 1 ★ Winter 2022–2023

PROP. 13 TARGETED IN NEW ATTACK

No matter how many times California voters express their strong support for Proposition 13, politicians and activists who want to raise property taxes keep saying Prop. 13's days are numbered.

“The winds of change are blowing,” asserted a news story in the *Orange County Register*, after a reporter interviewed a representative of a Berkeley-based nonprofit who said the students he teaches at the University of San Francisco thought it was “crazy” that homeowners pay different tax bills for “identical houses on the same street, depending on when they bought.”

The Berkeley academic

compared Prop. 13 to a policy of charging sales tax at retail stores based on the date that the customer moved to California.

In fact, homeowners pay property taxes based on the value at the time of purchase, not on the date of purchase. Like sales taxes, property taxes are calculated based on the price that the buyer willingly paid. Before Prop. 13, property tax bills in California were 2.67% (statewide average) of the current market value of the property. (To see how much you'd be paying in property taxes if Prop. 13 had never passed, visit our Guessing Game tax calculator at www.GuessingGame.org.)

Without Proposition 13, countless Californians would be hit with unaffordable annual property tax bills based on the market value of their homes or business properties, a factor that no one can control or predict. Thanks to Prop. 13, the assessed value of a property may not rise more than 2% a year unless there is a change of ownership, as defined by law. The tax rate is capped statewide at 1% of that assessed value.

But facts don't stop the forces pushing for ever-higher taxes on California residents. Even the defeat of 2020's Proposition 15, which would have created a split-

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HJTA SCORES A VICTORY IN “HOME EQUITY THEFT” CASE

The Howard Jarvis Taxpayers Association helped to prevent Riverside County from taking more than \$335,000 in home equity belonging to a resident whose home was sold in a public auction to satisfy a tax debt.

The Riverside County Board

of Supervisors was presented with a staff recommendation to deny a valid claim for the excess proceeds of the tax sale. Alerted to the situation by someone working on behalf of the former homeowner, HJTA quickly sent a letter to the Board informing them

that the staff recommendation was wrong.

“Whether a county forecloses on tax delinquent properties itself, or requires lienholders to handle such foreclosures, the entity foreclosing may collect the

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THE GUESSING GAME

HOW HIGH WOULD YOUR TAXES BE WITHOUT PROPOSITION 13?

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

Enter the approximate current market value of your home:

\$

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

CLICK TO FIND OUT!

\$ *

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

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

DONATE **JOIN US!**

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

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HJTA's Guessing Game calculator is online at www.GuessingGame.org.

Taxing Times



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PRESIDENT'S MESSAGE

THE REAL REASON GOVERNMENT WANTS TAX HIKES

By Jon Coupal

Two-thirds of California voters consistently tell pollsters that they think Proposition 13 is a good thing, but even with more than 40 years of constant support, Proposition 13 is still attacked by people who are mad that it's so effective at protecting taxpayers.

Every argument against Proposition 13 boils down to one thing: Control. They may mask it in buzzwords like "economic dynamism" and "equity," but the reality is that they think they know how to spend your money and use your land better than you do.

California has the highest or near-highest tax rate in every category except property taxes, and even then the state is 14th in property tax collections per capita, according to the latest data from the Tax Foundation.

In fact, county assessors are reporting sizeable growth in the value of taxable property. In SoCal, Riverside County reported growth of 9.26%, reaching a net total of \$369 billion in taxable property. San Bernardino County reported a historic high of \$288 billion in value, representing a 9.3% increase from last year. Orange County reported a 6.37% increase, to \$721.25 billion. In Los Angeles, the county assessment

roll grew by a record \$122 billion (a 6.95% increase that brings the roll to \$1.89 trillion in total net value) during the past year.

Similar gains are happening statewide. Here is just a sampling: Contra Costa County, 7.79%; Sacramento County, 8%; San Mateo County, 8.34%; Santa Clara County, 7.46%; Ventura County, 7.3%; and Yolo County, 7.23%; Marin County, 6.55%; Amador County, 7.03%; Butte County, 6.81%; Humboldt County, 4.73%; Imperial County, 5.6%; Mendocino County, 2.41%; Modoc County, 4.6%; Napa County, 7.12%; Placer County, 9.2%; Santa Cruz County, 6.33%; Sierra County, 6.37%; and Stanislaus County, 6.82%.

While this is likely welcomed news in the county halls of administration, before Prop. 13 it would have been met with great anxiety among homeowners. That's because before Prop. 13, property tax assessments were based on current market value, and property was regularly reassessed. Some property owners saw their assessments jump 50 to 100% in just one year and their tax bills jump correspondingly — even if the gains in value were only on paper. People were losing their

homes to higher taxes.

In 1978, voters overwhelmingly approved Prop. 13 and limited increases in taxable value to no more than two points a year, cutting the property tax rate to 1% from a statewide average of 2.67%. Prop. 13 has been successful in its primary mission of limiting tax increases, but, for better or worse, it has hardly "starved the beast." It raises plenty of money for bigger government.

All this compels a simple question: With California property tax revenue seeing consistent year-over-year growth, why would we even consider tax hikes? Well, there are the fake reasons and the real reason, and none of them are good reasons.

One fake reason is that the government "needs" the additional funds for critical programs. Given the inordinate amount of existing revenue coupled with waste in government, taxpayers would rather see elected officials prioritize the revenue we already give them.

Another fake reason is that housing isn't turning over at a fast enough rate, and this exacerbates the housing crisis. That's a nice way of saying the tax code isn't sufficiently running you out of your home. But Prop. 13 isn't

the reason why California added 3.2 times more people than housing units over the last 10 years and averaged just over 108,000 new homes over the past five years. That's a result of the state's onerous regulatory regime that slows development to a crawl and dramatically drives up the cost of construction.

The real reason, as I stated earlier, is control. Government and its boosters think they can better use your money, and that the land your home rests on is being "underutilized," so you must be taxed out of it and the property sold to someone who can build something these other people prefer.

Thanks, but no thanks.

The tax code should not be weaponized to run you out of your home. That was true when Californians struggled to hang on to their homes in 1978 when Prop. 13 passed, and it's true for Californians buying homes today (who would be paying more than double today's property taxes if Prop. 13 had never passed).

So, if someone calls or knocks on your door and asks if you would be willing to support "reforming" Prop. 13, remember what they are really asking: How much do you have, and how fast can we have it? □

Happy Holidays from your BOARD OF DIRECTORS



Gloria Phillips
Bill Kelso

Craig Mordoh
Gary Holme*

Trevor Grimm
In Memoriam – 1938–2019

In Memoriam – 1943–2022

*We're sad to note the passing of Gary Holme, a member of the HJTA Board of Directors.

PRESERVE THE BENEFITS OF PROPOSITION 13

At the Howard Jarvis Taxpayers Association, we have received a number of inquiries from those wishing to help us preserve the benefits of Proposition 13 for their children, grandchildren and heirs. If you would like more information about making an endowment to the Howard Jarvis Taxpayers Association or the Howard Jarvis Taxpayers Foundation, visit www.hjta.org and click on "Take Action," then click on "Heritage Society," write to us at 621 S. Westmoreland Ave., Suite 200, Los Angeles, CA 90005, e-mail us at info@hjta.org, or call us at 213-384-9656.

Howard Jarvis
Taxpayers Association

Heritage Society

We thank and appreciate the following for their generous donations:

The Selck Family,

in the name of Lester John Selck and Jane Selck

The Gardner Grout Foundation

The Benson Foundation

The Allan W. and Elizabeth A. Meredith Trust

Baker Family Donor Advised Fund
at the Rancho Santa Fe Foundation

The Stanley E. Corbin Trust

The V. Lorel Bergeron Trust

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



IN MEMORIAM

GARY R. HOLME

1943-2022

All of us at HJTA are deeply saddened by the loss of the longtime member of our Board of Directors, Gary Holme. Gary passed away on September 14 from complications of cancer. He was 79.

Gary had been president of The Beaumont Co. since 1994. He became a Certified Property Manager (CPM) in 1968 and joined The Beaumont Co. in 1965. He eventually became an owner of the company and worked there until his retirement in 2021.

His many distinctions and accomplishments include serving as president of the Los Angeles

Chapter of the Institute of Real Estate Management and as president of the Los Angeles Board of Realtors. He also worked as a State Court Receiver.

Gary brought his management experience and strong relationships with industry professionals and clients to his role on the Board of Directors of the Howard Jarvis Taxpayers Association. We are grateful for his many contributions to HJTA's success and longevity as the state's leading voice for taxpayers.

We will miss his wise counsel, his warm smile, and especially his friendship.

PROP. 13 TARGETED IN NEW ATTACK *Continued from page 1*

roll property tax and removed Proposition 13's protection from business properties, has not ended the attacks.

"It failed, but not by much," the newspaper reported, echoing an argument that has been made by politicians, including State Superintendent of Public Instruction Tony Thurmond. Even though Proposition 15 was defeated by a margin of 52% to 48%, and even though spending

on education is at record levels in California, proponents of higher taxes are talking about trying again to pass a split-roll measure.

The news story reported on a newly released list of the top 20 Orange County taxpayers with the highest property tax bills in fiscal year 2021-22. It showed the Irvine Company in the number-one spot, paying \$191 million per year in property taxes. In second place was Walt Disney Parks & Resorts

US, with an annual property tax bill of more than \$73.2 million. Both companies owned large tracts of land in 1978, when Prop. 13 was approved by voters. Subsequent developments and improvements on the land have been reassessed at market value as they were built, but activists told the newspaper that's simply not enough.

Their longtime aim has been to dismantle Proposition 13, and it appears they may be preparing to

try again.

Their efforts will not go unopposed. Thanks to the support of its Members, the Howard Jarvis Taxpayers Association will continue to defend Proposition 13 on the ballot, in the courts and in the Legislature. HJTA will never stop fighting to protect California property owners from the destructively high taxes that would result if Proposition 13 was ever lost. □

HJTA SCORES A VICTORY IN "HOME EQUITY THEFT" CASE *Continued from page 1*

debt with interest, penalties, and reasonable costs associated with selling the property — but nothing more," HJTA wrote. Calling it "home equity theft," HJTA warned the Board of Supervisors that a decision to retain the excess proceeds would be a violation of the U.S. Constitution, specifically the Takings and Excessive Fines Clauses.

When a tax or foreclosure sale takes place, the former homeowner must file a claim for the excess proceeds, but in this case, the staff of the Treasurer-Tax Collector's

office contended that the claim was not received and couldn't be located, and also that a copy of the claim was not filed in time. Therefore, the staff recommended that the county keep the excess proceeds for itself.

That didn't sit well with the HJTA team. Director of Legal Affairs Laura Dougherty, who wrote a "friend of the court" brief to the U.S. Supreme Court in *Tyler v. Hennepin County*, a home-equity proceeds lawsuit brought by Pacific Legal Foundation, shared some language from the brief with

HJTA Legislative Director Scott Kaufman. "Governments should not be trespassers, but trustees, particularly to tragedy-befallen persons who happen to own a home or other real property that can be used to satisfy a tax debt," he wrote in the letter to the Board of Supervisors.

The Riverside County Board of Supervisors agreed. The Board rejected the staff recommendation to keep the money, and the former homeowner was awarded the excess proceeds from the tax sale.

There is more work to do on this

issue for California homeowners. Last spring, HJTA supported a bill, AB 1839, that would have expanded the window of time to file a claim for excess proceeds and would have enhanced notification procedures. Unfortunately, the bill did not advance.

HJTA continues to work on this issue alongside other groups, including the Pacific Legal Foundation. It is simply wrong for governments to treat the excess home equity of people who sadly lose their homes due to tax debt as the government's own windfall. □

2022 HJTA LEGISLATIVE REPORT CARD

HJTA's Legislative Report Card is designed to help Californians gauge how their state representatives are performing on taxpayer-related issues, including, but not limited to, tax increases and direct attacks on Proposition 13.

For a complete explanation of the bills that were scored this year, please turn to page 5 for the *Under the Dome* column by Legislative Director Scott Kaufman.

This year, 12 Assembly Members and 8 Senators received grades of A. Senators **Brian Dahle, Andreas Borgeas, Shannon Grove, Scott Wilk, Melissa Melendez, Patricia Bates, and Brian Jones** scored A grades, and **Rosilicie Ochoa Bogh** earned an A-. In the other house, Assembly Members **James Gallagher, Kevin Kiley, Thurston "Smitty" Smith, Vince Fong, Suzette Martinez Valladares, Kelly Seyarto, and Janet**

Nguyen earned grades of A, with **Devon Mathis, Tom Lackey, Phillip Chen, Steven Choi** and **Marie Waldron** scoring grades of A-.

Not sure who represents you, or how to contact them? You can look up the names and contact information of your representatives at findyourrep.legislature.ca.gov or in the government pages of your local White Pages directory. Let them know that you saw their voting record for taxpayers in the Howard Jarvis Taxpayers Association's Legislative Report Card.

If you have questions about the Legislative Report Card, please contact Legislative Director Scott Kaufman at scott@hjta.org.

SENATOR SUMMARY

SENATOR	PARTY	DISTRICT	GRADE
B. Dahle	R	1	A
Borgeas	R	8	A
Grove	R	16	A
Wilk	R	21	A
Melendez	R	28	A
Bates	R	36	A
Jones	R	38	A
Ochoa Bogh	R	23	A-
Nielsen	R	4	B+
Hurtado	D	14	C
Eggman	D	5	C
Dodd	D	3	D+
Glazer	D	7	D+
Caballero	D	12	D+
Umberg	D	34	D+
Min	D	37	D+
Becker	D	13	D
Cortese	D	15	D
Rubio	D	22	D
Roth	D	31	D
Archuleta	D	32	D
Bradford	D	35	D
Laird	D	17	D-
Newman	D	29	D-
Kamlager	D	30	D-
Hueso	D	40	D-
McGuire	D	2	F
Pan	D	6	F
Skinner	D	9	F
Wieckowski	D	10	F
Wiener	D	11	F
Hertzberg	D	18	F
Leyva	D	20	F
Durazo	D	24	F
Portantino	D	25	F
Allen	D	26	F
Stern	D	27	F
Atkins	D	39	F
Limon	D	19	F
Gonzalez	D	33	F

ASSEMBLY MEMBER SUMMARY

LEGISLATOR	PARTY	DISTRICT	GRADE	LEGISLATOR	PARTY	DISTRICT	GRADE
Gallagher	R	3	A	Rodriguez	D	52	D-
Kiley	R	6	A	C. Garcia	D	58	D-
Smith	R	33	A	McKinnor	D	62	D-
V. Fong	R	34	A	Quirk-Silva	D	65	D-
Valladares	R	38	A	Boerner Horvath	D	76	D-
Seyarto	R	67	A	Maienschein	D	77	D-
Nguyen	R	72	A	Wood	D	2	F
Mathis	R	26	A-	Grayson	D	14	F
Lackey	R	36	A-	Wicks	D	15	F
Chen	R	55	A-	Bonta	D	18	F
Choi	R	68	A-	Ting	D	19	F
Waldron	R	75	A-	Mullin	D	22	F
M. Dahle	R	1	B	Berman	D	24	F
Patterson	R	23	B	Lee	D	25	F
Flora	R	12	B	Kalra	D	27	F
Voepel	R	71	B-	Low	D	28	F
Davies	R	73	B-	Stone	D	29	F
Cunningham	R	35	B-	R. Rivas	D	30	F
Bigelow	R	5	B-	Bennett	D	37	F
Gray	D	21	C+	L. Rivas	D	39	F
Mayes	I	42	C+	Holden	D	41	F
Irwin	D	44	C	Friedman	D	43	F
Salas	D	32	C	Gabriel	D	45	F
Petrie-Norris	D	74	C	Nazarian	D	46	F
Cooley	D	8	D+	Reyes	D	47	F
Cooper	D	9	D	Rubio	D	48	F
Wilson	D	11	D	Bloom	D	50	F
Vallapudua	D	13	D	Carrillo	D	51	F
Ramos	D	40	D	Santiago	D	53	F
Medina	D	61	D	Bryan	D	54	F
Daly	D	69	D	E. Garcia	D	56	F
O'Donnell	D	70	D	Calderon	D	57	F
Alvarez	D	80	D	Jones-Sawyer	D	59	F
Aguiar-Curry	D	4	D-	Cervantes	D	60	F
McCarty	D	7	D-	Rendon	D	63	F
Bauer-Kahan	D	16	D-	Gipson	D	64	F
Haney	D	17	D-	Muratsuchi	D	66	F
Quirk	D	20	D-	Ward	D	78	F
Arambula	D	31	D-	A. Weber	D	79	F
M. Fong	D	49	D-	Levine	D	10	F

SENATOR SUMMARY:

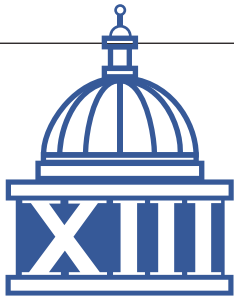
A = 8 B = 1 C = 2 D = 15 F = 14

ASSEMBLY MEMBER SUMMARY:

A = 12 B = 7 C = 5 D = 22 F = 34

To look up the names and contact information of your representatives, go online to findyourrep.legislature.ca.gov or check the government pages of your local phone directory.

UNDER THE DOME



AN INSIDE LOOK AT HJTA'S LEGISLATIVE REPORT CARD FOR 2021-22

By Scott Kaufman, Legislative Director

Elections have consequences. And that's good for us. The threat of the Newsom recall, a record-breaking budget surplus and an election year seem to have had a taming effect on the Legislature. Many of the worst bills died and they died early. As far as legislative sessions go for us here in California, it went well, and of the bills that made it to the governor's desk, only a few are of concern to taxpayers.

So, how did we do? Well, our report card is designed to help Californians gauge how their state representatives are performing on taxpayer-related issues, including, but not limited to, tax increases, attempts to gut the recall and initiative process that gave us Proposition 13 and direct attacks on Prop. 13.

As with last year, we only considered floor votes. This allows all legislators to vote on a bill at the same time and removes the potential risk of grade inflation from committee votes on the same bills. We also gave bills that have made it through both chambers greater consideration in our scoring. Those are the bills that were most likely to hurt (or help) taxpayers. Abstention votes on legislation count as half credit.

HERE ARE THE BILLS WE SCORED.

Assembly Bill 1227. HJTA **opposed** AB 1227 because it would impose an excise tax in the amount of 10% of the gross receipts from the retail sale of a handgun and 11% of the gross receipts from the retail sale of a long gun, rifle, firearm precursor part, and ammunition. Taxing law-abiding gun owners who put safety first is not the way to address the problem of gun violence. Fortunately, this one died on the floor of the Senate. The rest in this list were signed into law by the governor.

Assembly Bill 257. HJTA **opposed** AB 257 because it imposes "sector-wide minimum standards" for wages, hours and working conditions at fast-food chains. While not a direct taxpayer issue, it is a government mandate that will significantly increase costs, and we know those costs will be passed onto the consumer like an indirect tax. The franchisees are collecting signatures to place a referendum on the ballot to overturn it.

Many of the worst bills died and they died early. As far as legislative sessions go for us here in California, it went well, and of the bills that made it to the governor's desk, only a few are of concern to taxpayers.

Assembly Bill 1249. HJTA **supported** AB 1249 because it clarifies that victims of the Butte Fire, North Bay Fires and the Camp Fire are exempt from state gross income tax for amounts received from PG&E's Fire Victims Trust.

Assembly Bill 2582. HJTA **opposed** AB 2582 because it requires a local recall election to include only the question of whether the elected officer should be removed from office, which will then either be filled by appointment or a special election. The former removes the right of the people to select a successor and

the latter unnecessarily drives up recall election costs.

Assembly Bill 2584. HJTA **opposed** AB 2584 because, among other things, it eliminates the ability to have a stand-alone local special recall election and would allow special interest groups to litigate the statement of reasons given for the recall and to sue proponents for libel. Recalling elected officials requires sober consideration but is absolutely a legitimate tool in the arsenal of a functioning democratic republic.

Assembly Bill 2780. HJTA **opposed** AB 2780 because it authorizes the City of Selma to initiate, participate in, govern, or finance an Enhanced Infrastructure Financing District (EIFD). EIFDs do not require voter approval to form, and while General Obligation bonds are backed by the full faith and credit of a municipality's General Fund, EIFD bonds have no such assurances. This creates a much greater risk for the bond holders and taxpayers, resulting in higher interest rates and thus less money for projects. This bill sets a bad precedent for other cities.

Senate Bill 54. HJTA **opposed** SB 54 because as consumers are already feeling pinched by inflation, the Legislature is placing an unnecessary fee on the production of single-use packaging

Taxing law-abiding gun owners who put safety first is not the way to address the problem of gun violence.

and plastic single-use food service ware that are part of many Californians' daily lives, and it will only exacerbate skyrocketing costs in this difficult economic climate.

Senate Bill 679. HJTA **opposed** SB 679 because it establishes the Los Angeles County Affordable Housing Solutions Agency and would authorize the agency to, among other things, raise and allocate taxes, incur and issue bonds and other indebtedness, and place tax measures on the ballot in Los Angeles County. While HJTA opposes the bill for all our usual reasons, it's also completely unnecessary. As the Assembly's own Committee on Appropriations staff report notes, "such powers and capacities already exist within the county government."

Senate Bill 1246. HJTA **supported** SB 1246 because, like AB 1249, it provides a tax exemption from state gross income tax settlement awards from Southern California Edison for victims of the Woolsey and Thomas Fires in Southern California.

Senate Bill 1271. HJTA **supported** SB 1271 because it amends the public contract code to require no-bid contracts of \$25 million or more entered on or after January 1, 2023, to be subject to the oversight hearing of the Joint Legislative Budget Committee prior to a renewal or extension of the contract.

We hope you find our Legislative Report Card to be a helpful guide to the votes of your own representatives in Sacramento. If you'd like to get in touch with them to discuss their votes or for any other reason, you can look up their names and contact information online at findyourrep.legislature.ca.gov or in the government pages of your local phone directory.

HJTA IN ACTION

HJTA was proud to participate in the 20th Annual H.O.M.E. Fair

organized by the Consolidated Board of Realtists of Southern California, supporting home ownership in the Black community. HJTA's Vice President of Communications, Susan Shelley, is pictured with event chair Larry Springs under the banner, "Black Homeownership Matters." Susan is also pictured

with author, business coach and senior estate planner Dr. Rosie Milligan, who was tremendously helpful to HJTA's effort to inform the public, organize volunteers and collect signatures for the Repeal the Death Tax initiative.



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I want to take this time to personally thank all those who participated in our annual H.O.M.E. Fair (Home Ownership Made Easy), "It's A Family Affair", on Saturday, June 25, 2022. By your participation as a vendor, I hope and trust that it was gratifying for you financially. You played an essential part in providing valuable and vital information to our community. Our turnout was terrific, and our community was grasping to obtain more information about home ownership.

Thanks to you, they had an opportunity to receive such information. We celebrated our 20th annual H.O.M.E. Fair, and I would like to commend you as

In The Realist Spirit,
 Larry Springs, Event Chair

Anna Tutt, Consolidated Board of Realist President

BLACK HOMEOWNERSHIP MATTERS

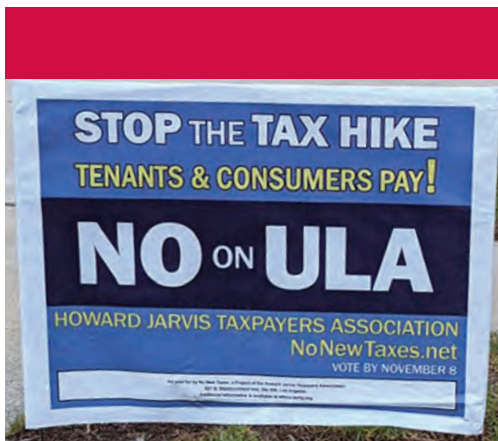
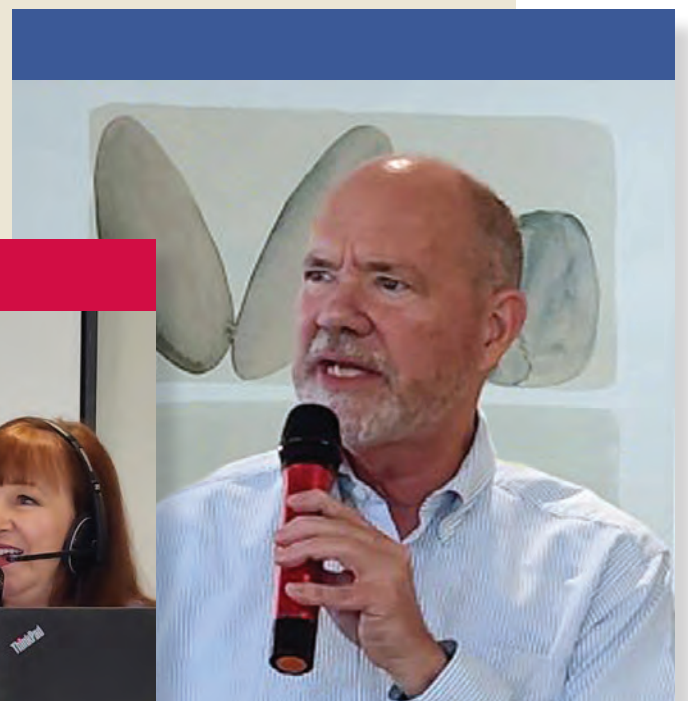




HJTA President Jon Coupal was the guest speaker at the Greater High Desert Chamber of Commerce's Valley Morning Insight event in Victorville. He's pictured with Joseph W. Brady, president of the commercial real estate firm The Bradco Companies.



The Howard Jarvis Podcast was recorded on location at the Las Posas Country Club in Camarillo at an event sponsored by the Ventura County Taxpayers Foundation and Ventura County CoLAB, the Coalition of Labor, Agriculture and Business. Before the podcast began, Jon spoke about the importance of local taxpayer groups becoming actively involved as watchdogs over cities, counties and special districts that put tax increases on the ballot.



Through its No New Taxes committee, HJTA battled to defeat two tax increases on the ballot in the City of Los Angeles.

THE HOWARD JARVIS PODCAST ON LOCATION

In October, the Howard Jarvis Podcast was recorded in front of a live audience for the first time as HJTA joined with the Ventura County Taxpayers Foundation and the Ventura County CoLAB (Coalition of Labor, Agriculture and Business) Foundation for a special event at the beautiful Las Posas Country Club in Camarillo.

HJTA President Jon Coupal and Vice President of Communications Susan Shelley presented views and analysis of the statewide ballot propositions. The sold-out event included a luncheon before the podcast recording and a question-and-answer session afterwards.

The Ventura County Taxpayers

Association (VCTA.org) and Ventura County CoLAB (CoLABVC.org) are part of a growing movement of local advocacy groups fighting for sensible government in California. HJTA thanks VCTA's Executive Director Ryan Grau and VC CoLAB Executive Director Louise Lampara for making this fun event possible.

And we're pleased to share this exciting news: The HJTA podcast is now available on radio on 790 KABC in Los Angeles, every Monday night from 8:00 to 9:00. You can also listen online at www.KABC.com on your computer or mobile device. □



L. to R., VCTA's Ryan Grau, Susan Shelley, VC CoLAB's Louise Lampara and Jon Coupal



GRASSROOTS REPORT

START A TAXPAYER ORGANIZATION IN YOUR AREA

By Eric Eisenhammer, HJTA Director of Grassroots Operations

2024 is likely to bring some serious battles for taxpayers, as if taxes weren't high enough now. Tax raisers often target their tax plans for presidential election years because they believe the turnout model is more favorable for them in these years. Meanwhile, taxpayers will be going on the offensive with measures of our own to bring runaway spending and taxation under control.

Your Howard Jarvis Taxpayers Association works with local taxpayer organizations around California, and a strong network of taxpayer activists in every corner of the state is important for our movement to be successful and effective.

Local taxpayer organizations are non-partisan and focus on good government and fiscal responsibility, although taxpayer

organizations often do make recommendations in support of candidates they believe can be trusted to budget responsibly and fight against tax increases.

And while HJTA has a full-

Hundreds of taxes are placed on the ballot by local governments in every election cycle.

These tax increases sometimes go uncontested, with no campaigns or ballot arguments to tell the voters why they should vote "no."

time lobbying presence at the Capitol in Sacramento, hundreds of taxes are placed on the ballot by local governments in every election cycle. These tax increases sometimes go uncontested, with no campaigns or ballot arguments to tell the voters why they should vote "no."

Just as HJTA advocates for taxpayers at the Capitol, representatives of local taxpayer organizations can attend city council, board of supervisors, and special district meetings, and if a tax makes it to your ballot, local taxpayer organizations can lead the fight in opposition.

Meanwhile, when important taxpayer issues face us all on a statewide basis, local taxpayer advocates can play an important role in raising awareness of the issues at hand before elected leaders in your community and

with your local media.

Many counties in California have active taxpayer organizations. You can find out if you have one in your area by visiting www.hjta.org and selecting "Important Links" under the "Resources" tab.

If no taxpayer organization exists in your area, why not start one? Visit the "Resources" tab at www.hjta.org and download the "How to Form a Local Taxpayer Group" handbook found under "Taxpayer Tools" for a guide on how to do just that.

If no taxpayer organization exists in your area, why not start one?



THE LEGAL FRONT

THE GOOD AND BAD NEWS IN TAKING OUT THE TRASH

By Laura Dougherty, Director of Legal Affairs

Is there a new pail in your kitchen? Like many of you already are, or soon will be, I am a new customer of those small green compostable garbage bags. Cities, counties, and community service districts responsible for trash service have been implementing a law known as Senate Bill 1383 from the 2015–2016 legislative session. Its full title was: **Short-lived climate pollutants: methane emissions: dairy and livestock: organic waste: landfills.**

For me, the City of Sacramento implemented SB 1383 on July 1. Kissing a rabbit's foot in hopes of good management, I now dutifully put all my food scraps and used

removal procedures at home. This generally involves keeping organic material separate from the gray bin waste destined for the landfill. In some jurisdictions, this organic kitchen waste can be commingled with yard waste in the green bin because it will all be composted together. In other jurisdictions, organic kitchen waste must be specially bagged and composted separately. In still other jurisdictions, customers have received or will receive a new bin solely for organic kitchen waste, increasing the cost of trash service to purchase and empty additional bins. In order to cover the cost of creating new collection and composting systems, rates in many jurisdictions are increasing.

Why doesn't the State pay for the higher costs if the State is the one requiring the transition to expanded composting? Good question. Unfortunately for ratepayers, and conveniently for the State, SB 1383 is not a reimbursable state mandate, so your local government cannot be reimbursed for increased program costs by the Commission on State Mandates. In fact, SB 1383 cites portions of the Constitution and the Government Code declaring that if user fees can recover the new costs imposed by the State, the State does not have to reimburse your city, county or district. Of course, the user is you.

Also, unfortunately, the effects of the new mandate can be disproportional. Waivers and exemptions for up to five years seem to abound, meaning that some ordinary Californians are paying for a greenhouse gas reduction program, and some are not. For example, about three-quarters of Stanislaus County (inland area) is currently exempt. Exemptions and waivers might apply to high elevation areas, low population areas, and certain rural areas. For specifics, visit <https://calrecycle.ca.gov/organics/slcp/waivers>.

Proposition 218 cannot correct

these disproportions because your local government can only control its own costs, and now it may or may not have a new state-mandated cost to factor into your bill. We encourage you to contact your state representatives to discuss. You can look up their names and contact information at findyourrep.legislature.ca.gov.

The California Supreme Court didn't buy either of the City's arguments, with Justice Liu calling it what it was, saying, "It's collusion, basically."

Now that we've had the bad news, here's some good news for your trash bill. If your trash is collected by a private hauler, the California Supreme Court has perhaps reduced or removed franchise fees from your bill. Thanks to a recent positive decision, cities and counties may not use franchise fees to make a profit from you. And you have every right to contest those fees.

In *Zolly v. City of Oakland*, decided late this summer, the Supreme Court trashed a scheme by the City of Oakland to collect extra money from its ratepayers. They were seeing purposeless increases of 80–155% on their monthly bills, the last thing any

household budget needs right now.

Here's the backstory. After "negotiating" with companies that responded to its Request for Proposals, the City of Oakland granted exclusive franchises to



two waste haulers, one for solid waste pickup and one for recycling. Each agreement included the payment of an annual franchise fee to the City: \$25 million from the solid waste hauler and \$3 million from the recycler. Naturally, these were passed through to the ratepayer. Plaintiffs Robert Zolly, et al., challenged the franchise fees as disguised taxes that needed voter approval under California Constitution, Article XIII C, as amended by Proposition 26. The superior court ruled against them, but the Court of Appeal and Supreme Court agreed with them.

The City had argued that it could sell a "property interest" in the exclusive opportunity to be a waste hauler as well as charge the haulers for using city streets. (In "friend of the court" briefs, HJTA and others pointed out, among other things, that under the Constitution and in statutes, anyone can use the public streets for free. We don't charge "franchise fees" to UPS, Amazon, Lyft drivers, or the U.S. Postal Service, right?) The California Supreme Court didn't buy either of

To download a copy of the Zolly decision, go to:

www.courts.ca.gov/opinions/documents/S262634.PDF

the City's arguments, with Justice Liu calling it what it was, saying, "It's collusion, basically."

The Supreme Court also made sure ratepayers can challenge

Continued on page 10

While you may be putting more work into your trash-sorting than ever before, you might also be confused by increasing trash bills. After all, shouldn't you be paying less since you're doing more?

paper napkins in the compostable bags and drop those bags in my yard waste bin. If you don't have a yard waste bin, your local government might be adding another bin to your collection. If none of this sounds familiar, perhaps your area has been exempted or waived, at least for now.

While you may be putting more work into your trash-sorting than ever before, you might also be confused by increasing trash bills. After all, shouldn't you be paying less since you're doing more? SB 1383 is likely a major cause.

Through SB 1383, the State mandated that local governments help reduce greenhouse gases by changing residents' trash

FOUNDATION REPORT

HJTA SUES SAN JOSE OVER AN ILLEGAL FEE FOR OWNING A GUN

The Howard Jarvis Taxpayers Foundation funds HJTA's legal and educational efforts to protect taxpayers. One important court case this year is a lawsuit filed by HJTA together with the Silicon Valley Taxpayers Association and others against the city of San Jose.

The complaint seeks to invalidate San Jose's municipal ordinance No. 30716, which requires gun owners to pay an annual "Gun Harm Reduction Fee," because it is a special tax that was not approved by voters as the state constitution requires. Under Proposition 13, added to the constitution in 1978, all local taxes must be voter-approved.

The ordinance not only requires gun owners to pay a fee, but it orders them to pay the fee to a "designated nonprofit organization" chosen by the city manager. The ordinance contains guidelines describing different ways that money from the fee may be spent. Ultimately, however, the nonprofit will determine where the money goes.

The lawsuit, filed in March, contends that requiring gun owners to pay a fee to a nonprofit organization violates the First Amendment by forcing residents "to associate with or support someone else's organization, particularly a group with which you would not voluntarily assemble."

In addition to the First Amendment claim, the lawsuit argues that the city has delegated its taxing powers to a private entity, in violation of the state constitution, by authorizing the designated nonprofit to collect the tax, then budget and spend its revenue.

The city of San Jose has tried to get the case dismissed, telling the court that because the dollar amount of the fee and the identity of the private nonprofit organization have not been finalized, it's too early for a court to consider the case.

HJTA pushed back on that argument. "Plaintiffs need not wait until they are required to pay the challenged fee, or punished for nonpayment, to seek a declaration of their rights when, as here, they allege an imminent denial of their constitutional rights by a governmental agency that claims they have no such rights," HJTA's legal team told the court in a filing in May.

Although HJTA doesn't usually take a position on gun laws, when a city imposes a tax without a vote of the people, we go in, all guns blazing. Thank you for your support of the Howard Jarvis Taxpayers Foundation and our great legal team.

To stay aware of the status of HJTA's many legal actions, go to www.hjta.org/legislation/current-legal-cases.

THE LEGAL FRONT

Continued from page 9

such fees. The City of Oakland had belatedly argued that the ratepayers were not "directly obligated" to pay the franchise fees and so they shouldn't be able to sue. Only the haulers could sue, even though they would have no incentive. The Supreme Court said the ratepayers have economic injury, so they can sue. An all-around win for ratepayers! Hopefully, however, all a ratepayer needs to do now is send a copy of the *Zolly* decision to their city or county if it has a franchise agreement. We are hopeful this decision will reduce bills outside of Oakland.

Remember, your garbage cans are public. We have no information on how they will be checked for compliance with the new mandate, so we encourage taxpayers to keep themselves aware and informed. □

PROPERTY TAX POSTPONEMENT PROGRAM

The State Controller's Office administers the Property Tax Postponement (PTP) program, which allows eligible homeowners to defer paying property taxes and repay the taxes, plus interest, later. To qualify, you must be 62 years of age, or blind or disabled; own and occupy the property as your principal place of residence; have a total household income of \$49,017 or less for the 2021 calendar year; have at least 40 percent equity in the property and not have a reverse mortgage on the property.

Funds are limited for this program and are distributed on a first-come, first-served basis. The application period is open from October 1, 2022, until February 10, 2023. For more information, e-mail postponement@sco.ca.gov or call 800-952-5661. □

TAX BYTES

CALIFORNIA'S LINE-ITEM VETO TURNS 100

This special edition of Tax Bytes salutes the 100th anniversary of California's line-item veto, passed by voters in November 1922 as Proposition 12. It grants the governor the authority to reduce or eliminate any item of spending in the state budget. Here are some highlights of the money it has saved taxpayers through the years.

In 1971, Gov. Ronald Reagan proposed a state budget of \$6.73 billion, but the Legislature added more spending to it and passed a budget of \$7.3 billion. Reagan used the line-item veto to cut \$503 million out of the budget before signing it.

During his first five years as governor, George Deukmejian used the line-item veto to cut a total of \$3.74 billion of spending that the Legislature added to his proposed budgets.

Gov. Arnold Schwarzenegger cut \$489 million from the state budget in 2009 and was promptly sued by a group that included Democratic state Senate President Pro Tem Darrell Steinberg.

The state Supreme Court ruled in favor of Schwarzenegger, holding that all spending is subject to the line-item veto.

In 2012, Gov. Jerry Brown used the line-item veto to cut \$195.7 million from the fiscal year 2012-13 budget that the Legislature sent to him.

According to an analysis by the Public Policy Institute of California in 2014, Gov. Jerry Brown's line-item vetoes during his second stint as governor were averaging about a tenth of one percent of each year's final budget. Arnold Schwarzenegger (2004-2010) averaged two-thirds of a percent, Gray Davis (1999-2003) and Pete Wilson (1991-1998) about three-quarters of a percent, and Deukmejian (1983-1990) an impressive 2.5 percent. During Brown's first two terms as governor starting in the 1970s, he averaged about three-quarters of a percent of each year's budget in line-item vetoes.

**STAY
CONNECTED!**

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

YOUR? answered

HOW DOES PROPOSITION 19 (2020) AFFECT MY FAMILY?

Proposition 19, narrowly approved by voters in 2020, made major changes to property tax law in California. It included both tax breaks and tax increases. How it affects you and your family depends on what type of property you own, where you live, where you want to live in the future, whether you have children, where your children live and where they want to live in the future.

For background, under Proposition 13, property may not be reassessed to market value until there is a change of ownership, as defined in state law. While under the same ownership, the assessed value of property may rise with inflation, but the increase is capped at 2% per year. This provides all property owners with stability and certainty about future property tax expenses. Given that property values can rise much more than 2% per year, the longer you own your property, the greater your savings from Proposition 13.

Can I move to a new home and “keep the Prop. 13” tax bill from my current home?

Under Proposition 19, you may be able to transfer your current home’s trended base-year value (the taxable value based on the purchase price plus the annual inflation adjustments of up to 2%) to a newly purchased home anywhere in the state up to three times. The replacement home may be of any value, but if it has a higher value than the sale price of the previous home, the difference will be assessed at market value, and that amount will be added to the transferred value for a blended assessment, which then becomes your new base-year value.

For example, if your home has a taxable value of \$500,000 under Proposition 13, you sell it for \$800,000, and you buy a new home for \$800,000, the assessed value of your new home would be \$500,000 because you can transfer the taxable value from your previous home. However, if you buy a new home for \$900,000, the assessed value of your new home would be \$600,000 — the \$500,000 that you are transferring plus the price difference of \$100,000. Your new property tax bill would be 1% of \$600,000, plus any bonds, fees and local taxes approved by voters.

This tax break applies to your primary residence only, and it is available to homeowners who are age 55 years or older, wildfire victims or disabled.

Can I leave my home to my children or grandchildren without their having to pay higher property taxes?

Possibly, but this opportunity was sharply curtailed by Proposition 19, which repealed Proposition 58 (1986) and Proposition 193 (1996). Now, if parents transfer property to the next generation, it will be reassessed to market value as of the date of transfer with only

limited exceptions. The new annual property tax bill will be 1% of the new market value, plus any bonds, fees and parcel taxes passed by local voters.

Because of Proposition 19, the exclusion from reassessment for parent-child or, in some circumstances, grandparent-grandchild transfers is now available only for a primary residence, and only if an eligible child moves into it within one year, makes it their own primary residence and claims the homeowner’s exemption (requires filing a form with the county assessor’s office). Even then, property taxes may go up because Proposition 19 put a \$1 million cap on the amount of value that may be excluded from reassessment. For example, if children inherit a family home with an assessed value of \$400,000 and a market value of \$1,500,000, the exclusion applies to \$400,000 plus \$1 million. Any value above that total will be added to the assessment, so in this example, the home’s assessed value would increase from \$400,000 to \$500,000 if an eligible child moved into it within a year; if not, the assessment would jump to the full cash value of \$1,500,000. The same rules apply to transfers between grandparents and grandchildren if the children’s parents are deceased. Some family farm properties may also be eligible for an exclusion from reassessment.

My property is in a trust. Does that prevent reassessment when I die?

No. Assessors “look through” the trust to determine the “present beneficial owners” of the property.

My property is in an LLC (limited liability company). Does that prevent reassessment when I die?

Possibly. It’s complicated. Please consult a qualified attorney and tax specialist.

I still have questions. Where can I get specific answers about my property tax situation?

For more information and to get answers to specific questions about your property, please contact your county assessor’s office, visit www.boe.ca.gov/prop19 or call the Board of Equalization’s property tax department at 1-916-274-3350.

What about the future?

As you know, HJTA has been working hard to repeal the portion of Proposition 19 that affects parent-child transfers. This can be done through the Legislature, but more likely it will take another ballot initiative. Efforts are ongoing to develop the successful strategy to accomplish this. Stay connected by signing up for e-mail alerts at www.hjta.org.



A GREAT
IDEA

Pass Along *Taxing Times*!

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

When I finish reading my paper, I never throw it away. I always place it in some public place, which is often a common space at work or some other public place where I believe someone not acquainted with the HJTA would benefit. I am careful to remove my personal identification from the head of the paper

since I often place the paper at work and the placement of anything political is forbidden. Again the point is to spread the message to others and introduce them to what far too many do not realize, which is the ill economic effects created by California’s elected class.

Thank You FOR RECRUITING NEW PROP. 13 SUPPORTERS!

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

The tax revolt that passed Proposition 13 has always depended on grassroots supporters. Howard Jarvis always fought for average taxpayers who pay government's bills, and we at HJTA continue his crusade.

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

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

politicians.

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

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

HJTA MEMBERS: HELP HJTA HELP YOU

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

Help protect Proposition 13! Every HJTA Member knows at least one person who should join HJTA. Please 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 200, 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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