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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 2 ★ Spring 2023

NEW THREATS TO PROPOSITION 13

If there's one thing California taxpayers have learned since 1978, when voters overwhelmingly passed Proposition 13, it's that government officials and special interests do not like limitations on the power to raise taxes.

And if there's one thing government officials and special interests have learned since 1978, it's that the Howard Jarvis Taxpayers Association and its hundreds of thousands of Members are proud to defend Proposition 13, which wrote into the state constitution some of the most important and powerful taxpayer protections ever adopted anywhere.

But even after more than 40 years of success, the battle continues between taxpayers and

their relentless opponents.

Advocates of ever-higher taxes tried to pass Proposition 15, the “split roll” amendment, in November 2020, but voters saw through this attempt to raise property taxes “only” on businesses, recognizing that attacks on Proposition 13's protections for commercial property will inevitably lead to similar attacks on Prop. 13's protections for homeowners. Proposition 15 was defeated.

While some advocates of “split roll” have told journalists that they hope to try again, there are two new proposals already introduced in the Legislature that directly attack Proposition 13 and would try to soak property owners with higher taxes.



A proposal for a “wealth tax” that proponents claim would affect only the super-rich turns out to be, on closer examination, a mechanism for the state government to tax the current market value of

real estate every year. Assembly Constitutional Amendment 3 would allow the Legislature to define and tax “wealth,” which could include the appreciated value of real estate,
Continued on page 3

TAXPAYER PROTECTION INITIATIVE QUALIFIES FOR 2024 BALLOT

Taxpayers scored an important victory in February when the secretary of state announced that the Taxpayer Protection and Government Accountability Act has successfully qualified for the November 2024 ballot.

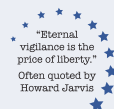
A late push for extra signatures,

with an assist from thousands of HJTA Members who volunteered their time, was key to collecting a total of 1.4 million raw signatures, enough to exceed the required minimum of nearly 1 million valid signatures of registered voters needed to qualify.

“The Taxpayer Protection Act was written to restore a series of voter-approved ballot measures that gave taxpayers, not politicians, more say over when and how new tax revenue is raised,” explained HJTA President Jon Coupal. “Over the past decade,

the California courts have created massive loopholes and confusion in long-established tax law and policy. The Taxpayer Protection Act closes those loopholes and provides new safeguards to increase accountability and
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Taxing Times



Published by the Howard Jarvis Taxpayers Association (HJTA). Susan Shelley, Editor. ISSN: 1092-8766

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with Prop. 19?**

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PRESIDENT'S MESSAGE

SORRY, NAYSAYERS — PROPOSITION 13 IS STILL WORKING AFTER ALL THESE YEARS

By Jon Coupal

In most of America, one of the worst impacts of high inflation is a sharp rise in property taxes. But that's not the case in California. True, housing prices are some of the highest in the nation, due mostly to government policies restricting supply. But homeowners are protected by Proposition 13's cap on annual increases in assessed value of 2%. According to the California Taxpayers Association, Californians would have seen their property taxes increase more than 7% this year without Prop. 13.

It is understandable why the political left — which wants all your money — has it in for Proposition 13, but we were surprised when the normally credible Tax Foundation, based in Washington, D.C., fell for some of the same falsehoods advanced by the “tax-and-spend” crowd. The Foundation is advising other states not to adopt Prop. 13-style reforms. We disagree and believe all states currently struggling with

out-of-control property taxes should take a good, long look at California's system based on acquisition value. It is vastly superior to one based on market value.

While the Tax Foundation admits that “Proposition 13 and other property tax assessment limits have done their job, keeping incumbent property owners' taxes in check,” they assert that those systems result in “hidden costs.”

One clearly false claim is that assessment limits “discourage homeowners from renovating or adding onto their homes, for fear of incurring a dramatic tax increase.” 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 — but that's true everywhere. The difference is that in California, the reassessment is limited to the value added by the addition,

with the rest of the assessment unchanged. So, what you would pay under Prop. 13 is still less than what you would have paid in a market-based property tax system.

Next, the Tax Foundation claims that property tax assessment limits “make it less attractive for growing families to move past their starter homes or for empty nesters to downsize.” This isn't true in California. Older homeowners (age 55 and up) can move and take their Prop. 13 base-year value with them to a new home. For younger homeowners, moving to a larger and more expensive home means higher property taxes — but again, that's true everywhere. Before Prop. 13, the statewide average tax rate was 2.67%, applied annually to the current market value. That means a young family's property tax bill would be more than double in the first year of homeownership without Prop. 13. All homeowners benefit from Proposition 13, which

capped the tax rate at 1%.

Next, the Foundation states that assessment limits “interfere with efforts to change a property's use.” That's a polite way of saying that the land upon which your home rests is being “underutilized,” so perhaps you should be taxed out of it so it can be sold to someone who can build something deemed a better use, like a sales-tax-revenue-producing used car lot. No thanks.

Another myth is that acquisition value systems gradually “shift costs to newer, younger homeowners — the rising generation that [state] lawmakers want to keep in-state.” But under Prop. 13, all property taxes are based on the value at the time of purchase. All homeowners are taxed according to what they voluntarily pay for their property. Then they're protected from unpredictable tax increases for as long as they own their home.

The worst thing that could
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BOARD OF DIRECTORS


Gloria Phillips
Bill Kelso

Craig Mordoh
Gary Holme
In Memoriam – 1943–2022

Trevor Grimm
In Memoriam – 1938–2019

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!

ERNIE DRONENBURG HONORED

WITH HJTA LIFETIME ACHIEVEMENT AWARD



Longtime San Diego County Assessor/Recorder/County Clerk Ernest J. Dronenburg, Jr., was honored with the Howard Jarvis Taxpayers Association's Lifetime Achievement Award at a dinner banquet on the occasion of his retirement in December.

HJTA President Jon Coupal, who presented the award to Dronenburg, saluted his excellent service to taxpayers. "Ernie has always worked hard for San Diego County residents," Coupal said. "He has our admiration and gratitude for running his office with transparency and fairness, and for protecting Proposition 13."

In January, Dronenburg was present at the County Administration Center to swear in his successor, Jordan Marks, as San Diego County's new Assessor/Recorder/County Clerk. He praised Marks as "an outstanding person" who has "the experience as well as a love for the taxpayer."

HJTA congratulates Ernie Dronenburg on receiving the Lifetime Achievement Award and wishes him much happiness and well-deserved relaxation in his retirement.

TAX FILING DEADLINES EXTENDED FOR TAXPAYERS IN COUNTIES IMPACTED BY WINTER STORMS

Taxpayers in California counties that suffered the impact of severe winter storms will have more time to file and pay taxes under extensions granted by the federal and state governments.

The Internal Revenue Service and the Franchise Tax Board extended the deadline to October 16, 2023, to file individual and business tax returns and to make certain payments.

According to the FTB and the IRS, this includes:

- Individuals whose tax returns and payments are due on April 18, 2023.
- Quarterly estimated tax payments due January 17, 2023, April 18, 2023, June 15, 2023, and September 15, 2023.
- Business entities whose tax returns are normally due on March 15 and April 18.
- Pass-through entity elective tax payments due June 15, 2023.

The extension to the new October 16 deadline applies to residents

and businesses in the following counties: Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Inyo, Kings, Lake, Los Angeles, Madera, Marin, Mariposa, Mendocino, Merced, Mono, Monterey, Napa, Nevada, Orange, Placer, Riverside, Sacramento, San Benito, San Bernardino, San Diego, San Francisco, San Joaquin, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, Siskiyou, Solano, Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Ventura, Yolo, and Yuba.

The IRS further advises that "taxpayers will also have until Oct. 16 to make 2022 contributions to their IRAs and health savings accounts."

Taxpayers who have suffered a disaster loss may be able to claim a deduction on their tax return.

For more information, go online to ftb.ca.gov and irs.gov or consult your tax preparer.

NEW THREATS TO PROPOSITION 13 *Continued from page 1*

investments or retirement accounts.

ACA 3 would give state lawmakers the power, by a simple majority vote in the Legislature instead of the currently required two-thirds, to create a new tax on the value of your home — not a property tax, but a new tax on "wealth" as defined, administered by the state Franchise Tax Board.

ACA 3 would need a two-thirds vote in each house of the Legislature to advance to the ballot, but once on the ballot, it would need only a simple majority vote to pass.

Another new attack on Proposition 13, still in its early stages, is Assembly Bill 362. This bill would require the California Department of Tax and Fee Administration to study the idea of throwing out the entire property tax system of California, including Proposition 13, and replacing it with a "land value tax."

The purpose, proponents say, is to "incentivize" property development. By placing a high tax on the value of land, regardless of what kind of buildings or improvements are on

it, the new system would create an "incentive" for property owners to build high-density housing projects that produce enough revenue to pay the tax.

Of course, if you own a single-family home and just want to keep it, you'd face a very high property tax bill that could force you to sell because your home doesn't generate as much "value" as the new tax rules have ordered you to pay for owning that land.

Even though AB 362 would require only a "study" at this time,

the Howard Jarvis Taxpayers Association is vigilant against all attempts to use higher taxes as a means to force people out of their own property.

If you would like to contact your state representatives to ask them to oppose ACA 3 and AB 362, you can look up their names and contact information at findyourrep.legislature.ca.gov, or in the government pages of your local phone directory. You can also sign up for e-mail alerts at our website, www.hjta.org. □

UNDER THE DOME



THREATS TO PROPOSITION 13 INTRODUCED IN THE LEGISLATURE

By Scott Kaufman, Legislative Director

Gideon J. Tucker once said that “no man’s life, liberty or property are safe while the Legislature is in session.” Well, the Legislature is back in session! And, while it takes time for a thousand or more bills to appear in print, there are already several that are a major concern to taxpayers and even a few that are direct threats to Proposition 13.

Here are the two major threats to Prop. 13 introduced in the Legislature already:

Assembly Constitutional Amendment 1 is a perennial attack on Proposition 13. Every year it is introduced and every year we beat it back. However, that doesn’t mean that we shouldn’t be worried. Bad bills pass all the time. You never know when some deal may be struck that sees ACA 1 sail through. That is especially true in this new legislative session— with so many newly elected legislators, we have some work ahead of us to educate them about the importance of Proposition 13 and why they should vote no on proposals that attack it.

Why is ACA 1 such a concern? Well, it would make it easier to raise taxes by lowering the voter approval requirement for local bonds and tax increases from two-thirds to 55 percent if the money would be used for “public infrastructure” and certain types of public housing projects. Proposition 13 mandates a two-thirds vote requirement for all special taxes, but ACA 1 would wipe out that protection for nearly

all local taxes because the category of “infrastructure” covers almost anything.

In 2000, voters lowered the threshold needed to approve school bonds from two-thirds to 55 percent. This has led to many more charges on property tax bills to pay for these debts. ACA 1 seeks to expand this lower vote threshold to help even more tax increases pass.

This would apply to sales taxes paid by everyone, but also to local bonds and parcel taxes that are paid only by property owners. These are the kinds of extra charges that can be seen on property tax bills below the line, in addition to the tax due under Prop. 13’s one percent cap. That’s why Prop. 13’s two-thirds vote requirement for all special taxes is so important. It protects property owners, and it must stand.

*You never know
when some deal
may be struck
that sees ACA 1
sail through.*

Assembly Constitutional Amendment 3 is part of a new “wealth tax” proposal, and it would gut Proposition 13. It would allow the Legislature to raise taxes statewide with a simple majority vote instead of the constitutionally required two-thirds vote established by Prop. 13. It also would

allow the Legislature to define “wealth” to include unrealized capital gains in real estate, meaning the government would be empowered, by a simple majority vote, to create a new annual tax on the current market value of a home or other property.

While the “whereas” clauses in the preamble of ACA 3 recite talking points about rich people escaping taxation and claim that a new tax on “extreme wealth” will restore fairness to the state’s tax system, nothing in this proposed amendment to the state constitution — which would change Proposition 13 — limits the Legislature to taxing only rich people or “above-average” wealth.

Under the current state constitution, the government’s authority to tax property is limited to “personal property” that is “tangible.” ACA 3 would remove both of those limits and would authorize “the taxation of all forms of...wealth, whether tangible or intangible.”

That means the Legislature could define “wealth” to include equity in real property that is not fully taxed through property taxes due to Proposition 13. The Legislature could also define “wealth” to include equity in investment securities, based on their current market value, which today would not be taxed until a capital gain is realized upon sale. Anyone who owns a home or has a retirement account is threatened by ACA 3.

ACA 3 also removes another important taxpayer protection known as the Gann Limit. This

voter-approved limit on the growth of spending by state and local governments would be defined out of existence. The Gann Limit generally requires government entities to restrain their spending to conform to the growth of inflation and population. It was intended to prevent runaway government spending.

Don’t be fooled. Although

*Anyone who owns
a home or has a
retirement account
is threatened
by ACA 3.*

proponents say ACA 3 is part of a new “wealth tax” on the super-rich, and its companion legislation, Assembly Bill 259, affects only the very wealthy, ACA 3 contains no such limitation. The Legislature could move those brackets down to hit average California homeowners at any time — and they will.

As always, we will fight these attacks on Prop. 13 along with anything else that comes our way this session. Thank you for your support, for signing petitions to the governor and the Legislature and for your generous contributions. We couldn’t do it without you. Please write to me at scott@hjta.org if you have any questions or concerns about pending bills.

PRESIDENT’S MESSAGE *Continued from page 2*

happen to a young family is to be taxed out of a home they just purchased because their tax bill is based on the vagaries of the real estate market. Prop. 13 gives new homeowners the predictability of knowing what their tax bill will be years into the future as well as a reasonable 1% rate cap.

And the real surprise of Proposition 13 is how it helps local government. Because Prop. 13 allows increases in assessed value of 2% per year and requires reassessment of property when it changes hands, it provides a stable, predictable and growing source of tax revenue to local governments.

Property tax revenue has grown virtually every year since 1978 in percentages that exceed both inflation and population growth. Moreover, Prop. 13 provides a “shock absorber” effect during recessions when market values fall precipitously but assessed values — in the aggregate — fall slightly

or not at all.

The good folks at the Tax Foundation should recall the words of Adam Smith who reminded us all that “the tax which each individual is bound to pay ought to be certain, and not arbitrary.” And that is a perfect description of Prop. 13. □

HJTA IN ACTION

Shelburn Realty Group event



VP of Communications Susan Shelley joined Dan Yukelson (*left*), executive director of the Apartment Association of Greater Los Angeles, and attorney Jared Kassan (*right*), a partner in the Allen Matkins law firm, for a discussion of Los Angeles Measure ULA and Santa Monica Measure GS, two new taxes on real estate transfers. HJTA and AAGLA have filed a lawsuit challenging the validity of Measure ULA, and a separate lawsuit has been filed seeking to overturn Measure GS. The event was hosted by Shelburn Realty Group.

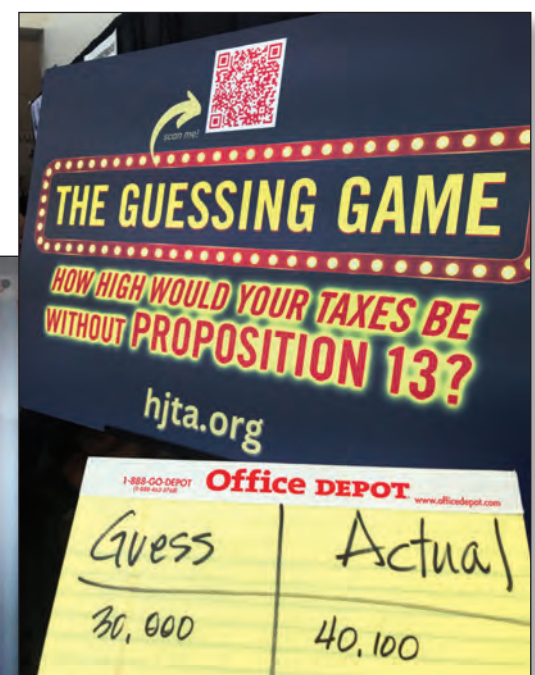
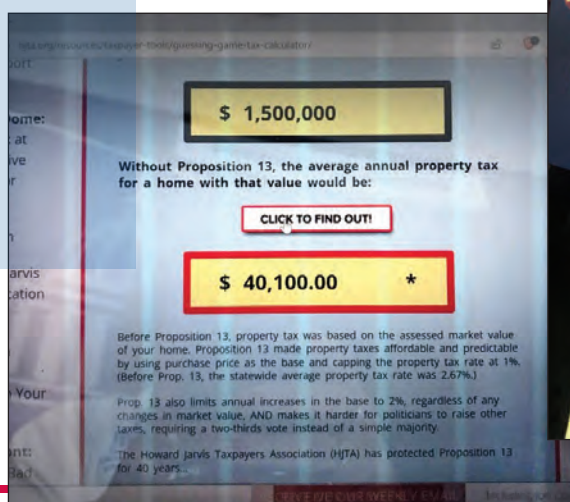
Tri-Valley Republicans event in Pleasanton

Legislative Director Scott Kaufman (*right*) was in Alameda County to speak with conservatives about taxes. He's pictured with Republican Central Committee member Harry Briley (*left*).



Guessing Game on location

HJTA took the Guessing Game on the road to show taxpayers the shocking tax bills they'd face if Proposition 13 had never passed. Their reaction? "We've got to protect Proposition 13!"





THE LEGAL FRONT

“MANSION” TAXES: DISGUISED HOME EQUITY THEFT AND WHAT HOPE EXISTS TO FIX IT

By Laura Dougherty, Director of Legal Affairs



The path to high taxes is paved with good intentions. When it comes to weighing the pros and cons of a tax, one might think: “I’m worried about people in need or about my local government continuing to function.” And “This ballot measure looks like it will help people in need or help my local government continue to function.” And finally, “Wow, it’s a really high tax, but wealthier people than me will pay it, not me, so I’ll vote yes.”

This line of thinking is exactly what some politicians and special interest groups bank on. We’ve seen a lot of it lately with the rise in vacancy taxes and fees, which have easy targets. But these voters are being scammed. The government will come for them too, possibly in the form of transfer taxes paid on the sale of real property.

Everyone benefits from Proposition 13, property owners and renters alike. If you own and sell your home, your equity should not be confiscated because you needed to move. If you rent your home or business space, your rent payments should not be increased because of forced sales or more taxes on the property owner.

Proposition 13 specifically banned transfer taxes for this reason. Paying a huge tax upon selling your home was a known threat to Proposition 13’s stabilization of property taxes. It’s the government saying, “Now

that you’re no longer living there, give us all the money we couldn’t take from you while you did.”

The ban on transfer taxes in Proposition 13 was outright. But governments found ways to convince the courts otherwise. In the early 1990s, exceptions to Proposition 13’s ban on transfer taxes became reality, but with a firm limit. Back then, charter cities argued to the courts that they should be allowed to have transfer taxes because of their charters. They reasoned that since they follow a home rule form of government, their transfer taxes would be a local affair. Since

These voters are being scammed. The government will come for them too, possibly in the form of transfer taxes paid on the sale of real property.

Proposition 13 is a matter of statewide concern, it shouldn’t apply to them in this respect. The courts essentially said “fine, but only for your general funds.” The Constitution remained clear to the courts that no *special* taxes can be imposed as transfer taxes.

Last fall in Los Angeles and Santa Monica, the “mansion taxes” were proposed. They are special taxes. They are transfer taxes. They are blatantly unconstitutional.

Los Angeles Measure ULA received 57% voter approval. Beginning April 1, 2023, it imposes a tax of 4% on the sale or transfer of real property worth

over \$5 million and 5.5% on real property worth over \$10 million. It exempts transfers to non-profits, community land trusts, and limited equity housing cooperatives. The tax funds are specially earmarked for housing and homeless services.

Santa Monica Measure GS received 53% voter approval. Beginning March 1, 2023, it imposes a tax of 5.6% on the sale or transfer of real property worth over \$8 million. The tax funds are specially earmarked for homeless services and schools.

Measures ULA and GS proposed special transfer taxes, something all courts have agreed are banned by Proposition 13 where it says “Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.”

So how did this happen? And can it be undone before local governments feel free to charge higher percentages and/or charge on lower sales price thresholds?

It started with the same root as the erosion of the two-thirds vote on your local special taxes, the 2017 Supreme Court case of *California Cannabis Coalition v. City of Upland (Upland)*. This case only decided that a general tax proposed by initiative needed to be placed on the ballot sooner than it otherwise would have been. This was because it was proposed as an initiative and the State Legislature had a statute for that. Ironically, the Legislature has since repealed that statute, but the interpretation of the Supreme Court’s decision lives on to torture taxpayers.

While the Supreme Court refuses to review the subsequent cases suffering from these

issues, the *Upland* case has been interpreted to mean that taxes proposed by initiative do not need to follow rules, such as Propositions 13 and 218. The first victim was the two-thirds vote for local special taxes. Several cases have concluded that the two-

Last fall in Los Angeles and Santa Monica, the “mansion taxes” were proposed. They are special taxes. They are transfer taxes. They are blatantly unconstitutional.

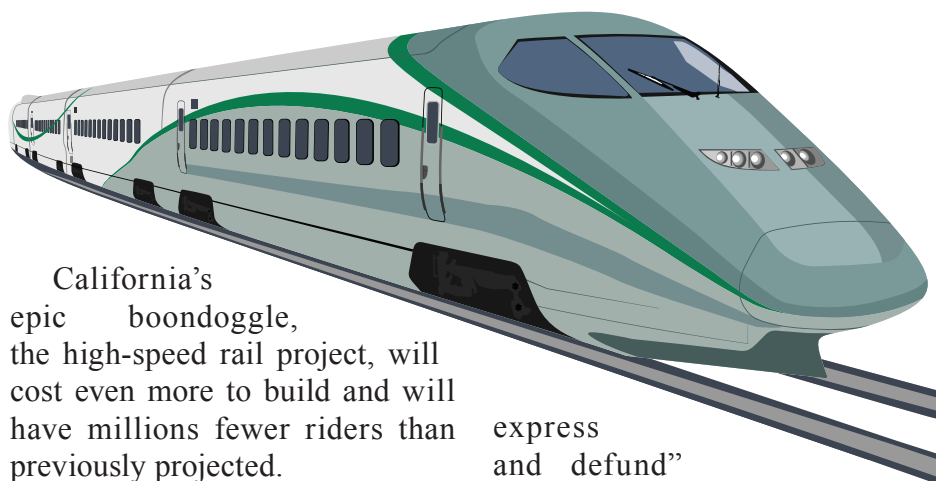
thirds threshold is not applicable where a special tax is proposed by initiative. Naturally, local politicians can then act as citizens by copying and pasting their tax proposals onto initiative petitions and pass them on simple majority. And they have.

When we learned about Measures ULA and GS, we saw that this logic was being extended. Because the measures were proposed as initiatives, we realized that their advocates must believe that Proposition 13’s ban on special transfer taxes doesn’t apply to them any more than the two-thirds vote does.

In this instance, we’re not dealing with a voter approval threshold. Rather, we’re dealing with the very substance of the legislation itself, not how it is passed. For example, no one could pass a law that declares a city’s official religion, not even a charter city.

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BOONDOGGLE UPDATE: BULLET TRAIN COSTS SURGE AGAIN



California's epic boondoggle, the high-speed rail project, will cost even more to build and will have millions fewer riders than previously projected.

That's according to the latest report from the California High-Speed Rail Authority. The 2023 project update from agency officials blames the "impacts of the COVID-19 pandemic on global supply chains and the resulting market instability and inflation" for an impact on the prices of construction materials and labor.

The rail authority now estimates that the complete 500-mile project will cost up to \$128 billion. Not every state lawmaker is onboard. "Californians have lost faith in this project, and the Legislature has lost faith as well," said Assembly Member Vince Fong, R-Bakersfield. Senate Minority Leader Brian Jones, R-Santee, posted on Twitter that "it's time to pump the brakes on the hot mess

express and defund" the bullet train.

Under the terms of Proposition 1A, the bond measure that launched the high-speed rail project in 2008, the bullet train must be able to operate without a public subsidy. However, the latest project update report indicates new challenges on that front. According to updated estimates of ridership, 31.3 million passengers are expected to take the bullet train between San Francisco and Los Angeles in 2040. That's about 7.3 million fewer than previously estimated.

The High-Speed Rail Authority pointed to lower population and employment growth forecasts, as well as a general decline in transit ridership in California, as the cause of the lower ridership

projections. The agency claimed that despite the drop-off, high-speed rail between Merced and Bakersfield "will nearly double current rail ridership" between those cities.

Taxpayers may wonder if doubling the existing rail ridership between Merced and Bakersfield is worth the roughly \$35 billion that the 171-mile "early operating segment" is now projected to cost. Experience suggests it could be even more by the time the segment is completed, estimated to happen by the end of 2030.

The rail authority now estimates that the complete 500-mile project will cost up to \$128 billion.

That's a key date, because no ongoing funding has been identified for the construction of the rest of the project beyond 2030. Currently, construction of

the bullet train is largely funded by the state's "cap-and-trade" program, which requires utilities, refineries and other companies to buy permits to emit greenhouse gases. A 2014 law dedicated 25% of the revenue raised from selling the permits to building high-speed rail. However, the cap-and-trade program, which adds an estimated 23 cents to the price of a gallon of gasoline, expires in 2030.

In the High-Speed Rail Authority's latest report, chief executive officer Brian Kelly, whose 2021 salary and benefits totaled more than \$535,600, called on lawmakers to provide "an answer on how this project will be funded after 2030." He wrote that "megaprojects that last for decades need long-term, stable funding."

"Funding" is a word that government officials often use when what they really mean is "tax increase."

You can count on the Howard Jarvis Taxpayers Association to be vigilant on this issue. Regardless of what it is called by high-speed rail proponents, we will fight against anything that raises the cost of living for Californians in order to extend the bullet train boondoggle. □

TAXPAYER PROTECTION INITIATIVE QUALIFIES FOR 2024 BALLOT *Continued from page 1*

transparency over how politicians spend our tax dollars."

Some of the measure's key provisions include:

- Require all new taxes passed by the Legislature to be approved by voters
- Restore two-thirds voter approval for all new local special tax increases
- Clearly define what is a tax or fee
- Require truthful descriptions of new tax proposals
- Hold politicians accountable by requiring them to clearly identify how revenue will be spent before any tax or fee is enacted

The initiative, backed by the Howard Jarvis Taxpayers Association together with the California Business Roundtable and the California

Business Properties Association, would close loopholes by amending the state constitution, overriding any conflicting court rulings that were based on a disputed interpretation of the constitution's current language.

One such State Supreme Court ruling, in a 2017 case known as *California Cannabis Coalition v. City of Upland*, has led to decisions in lower courts declaring that some local taxes for special purposes had passed, even though they received less than the two-thirds vote required by Proposition 13. If the Taxpayer Protection and Government Accountability Act is approved by voters, many of these taxes would have to go back on the ballot again and would expire unless approved by a two-thirds vote.

For more information on this important initiative, visit RightToVoteOnTaxes.com. □

HJTA.ORG

Your source for **everything Proposition 13**



“BEHESTED PAYMENTS” ARE TRANSPARENT, IF YOU KNOW WHERE TO LOOK

The influence of money in politics is something that has concerned advocates of good government for many decades. As a result, California has transparency laws that require the disclosure of campaign donations and spending.

While state law places limits on contributions to a candidate’s campaign and on gifts to an elected official, there is one kind of donation that operates differently, allowing elected officials to request unlimited amounts of money from individuals, businesses or other entities, even those that have an interest in a particular government action or policy.

This type of donation is called a “behested payment.” According to state campaign finance regulators, a payment is considered “behested” if it is made at the request, suggestion or solicitation of, or made in cooperation, consultation, coordination or concert with the public official; and it is made for a legislative, governmental or charitable purpose.

Officials must report behested payments within 30 days of the date on which the payment meets or exceeds \$5,000 from a single source.

As one example, Gov. Gavin Newsom reported more than \$3.6 million in behested payments to fund his 2023 inaugural festivities. Some entities

donated as much as \$250,000 at the governor’s request.

Elected officials can exert undue influence on the people and entities they govern. It’s something to watch.

You can view behested payments in the state’s database of reports at fppc.ca.gov/transparency/behested-payments.html. Click the link for “Text based search using the name of the elected official, payor or payee” to access the search feature.

Local officials can raise money with behested payments, too. To find the records of these donations, search for “behested payments” on the website of your city or county government.

fppc.ca.gov/transparency/form-700-filed-by-public-officials/behested-payments2.html

Behested Payments (2011 - Present)

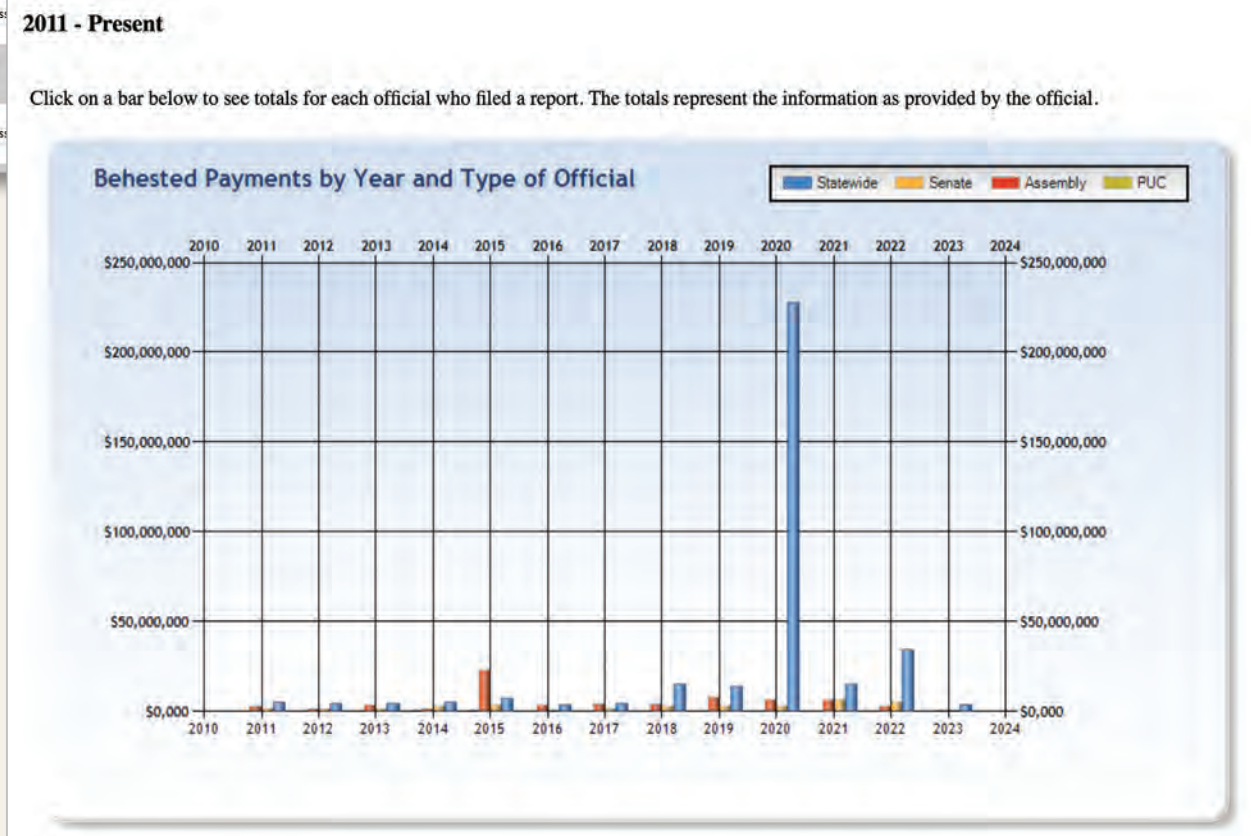
Please enter your search criteria below and then click search.

Search Criteria

Official Last Name: Payor Name: Payee Name:
 Year: Search: Reset:

\$3,667,000 Total Payments

Official	Year	Amount	Payment Date	Payor	Payor City	Payor State	Payee	Payee City	Payee State	Description	LGC Purpose
Newsom, Gavin	2023	\$250,000	2023-01-03	Federated Indians of Graton Rancheria	Rohnert Park	CA	The 2023 Governor's Inaugural Fund	Sacramento	CA	Governor's 2023 Inauguration	Governmental
Newsom, Gavin	2023	\$250,000	2023-01-06	San Manuel Band of Mission Indians	Highland	CA	The 2023 Governor's Inaugural Fund	Sacramento	CA	Governor's 2023 Inauguration	Governmental
Newsom, Gavin	2023	\$250,000	2023-01-03	California Apartment Association	Sacramento	CA	The 2023 Governor's Inaugural Fund	Sacramento	CA	Governor's 2023 Inauguration	Governmental
Newsom, Gavin	2023	\$250,000	2023-01-26	American Beverage Association			The 2023				
Newsom, Gavin	2023	\$250,000	2023-01-23	Kaiser Permanente							
Newsom, Gavin	2023	\$200,000	2023-01-03	California Teachers Association							



RESIDENTS OF OTHER STATES STRUGGLE WITH PROPERTY TAX HIKES

In Chicago last December, a caravan of cars headed downtown to the Cook County Building. They circled the block, honking horns, to protest massive property tax increases that were threatening the heritage of generations of Hispanic immigrants who had put down roots in neighborhoods that now were gentrifying. One longtime store owner said his property taxes had more than tripled, from \$26,000 to \$85,000, jeopardizing the future of his business.

In Lunenburg, Massachusetts, hundreds of homeowners packed a hearing room to protest property tax increases of 135% after the local tax assessor determined that home values had increased.

In Atlanta, filmmaker and philanthropist Tyler Perry donated \$750,000 to help low-income senior homeowners pay their skyrocketing property tax bills so they would not lose their homes. “Thanks to his generosity,” Atlanta Mayor Andre Dickens said in praise of Perry’s donation, “more Atlantans will be

able to remain in the communities they built.”

Well, that’s one way to do it. Californians, fortunately, don’t have to rely on anyone’s generosity to remain in their homes. Because of Proposition 13, homeowners’ property tax bills do not rise in tandem with home values. Prop. 13 caps the annual increase in assessed value at 2% for as long as the property is under the same ownership, regardless of how much a city’s growth or development, or inflation, causes home values to rise.

Proposition 13 also capped the property tax rate at 1%, down from the previous statewide average of 2.67%.

If not for Proposition 13, California homeowners would have to pay annual property tax bills averaging 2.67% of the current market value of their property, every year, as a condition of keeping it.

New homeowners may not recognize the benefits of Proposition 13, because they’re not aware of how high their

property tax bill would be without it.

Here’s where you can help. Show your friends and neighbors the Howard Jarvis Taxpayers Association’s “Guessing Game,” which calculates what the tax bill would be for any property in California if Prop. 13 had never passed. Go to GuessingGame.org, or go to www.hjta.org and click the button that reads, “See your shocking tax bill if we LOST PROP. 13.” Simply type in the approximate current market value of the property, and click the button to find out.

Then it will be a perfect time to tell your friends and neighbors that they can be Members of HJTA and help to protect Proposition 13. They can join online at www.hjta.org by clicking, “Join Us!”

Thank you for helping us spread the word about the importance of Proposition 13, the 1978 state constitutional amendment that protects all California homeowners, year after year. □

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.

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

LISTEN ANYWHERE



The Howard Jarvis Radio Show and Podcast

HJTA is proud to partner with Cumulus Media to bring you the Howard Jarvis Radio Show every Monday night at 8:00 p.m. You can catch the program on 790 KABC in the greater Los Angeles area, or listen online at KABC.com anywhere.

You can also catch the

show as a podcast and listen at your convenience. It’s available on the HJTA home page at www.hjta.org, or at kabc.com/howard-jarvis-radio-show, or wherever you get your podcasts.

The Howard Jarvis Radio Show features HJTA President Jon Coupal and Vice President

of Communications Susan Shelley in a freewheeling and lively discussion of California politics and policy, including the latest updates in the fight to protect taxpayers.

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XIII

HOWARD JARVIS RADIO SHOW PODCAST

WITH JON COUPAL & SUSAN SHELLEY

▶

00:00
790 KABC
31:07

FOUNDATION REPORT



ONLINE TAXPAYER CONFERENCE DRAWS A CROWD

Education is part of the mission of the Howard Jarvis Taxpayers Foundation, and on March 7, we held a taxpayer conference online for Members, supporters and the general public. More than 1,300 people joined the live webinar or watched the recording.

HJTA President Jon Coupal shared some good news for taxpayers: The Taxpayer Protection and Government Accountability Act has qualified for the November 2024 ballot. This measure would force the state government to submit any new statewide taxes to the voters for approval. It would also close loopholes that the courts have opened in Proposition 13. The initiative would increase transparency and make it harder to raise both local and state taxes.

Legislative Director Scott Kaufman announced that Sen. Kelly Seyarto and Assembly Member Phillip Chen have co-authored Senate Constitutional Amendment 4 to repeal the death tax and restore the constitutional protection

against tax increases when certain property is transferred between parents and children, and sometimes grandparents and grandchildren. SCA 4 is sponsored by HJTA.

Director of Legal Affairs Laura Dougherty had updates about two important cases related to illegal fees and taxes — a lawsuit challenging the validity of Los Angeles Measure ULA, which is an unconstitutional real estate transfer tax for a special purpose, and a lawsuit against the City of Long Beach over an illegally imposed vacant lot fee.

Vice President of Communications Susan Shelley moderated the discussion and the Q&A with viewers.

If you missed it, you can watch the recording at www.TaxpayerWebinar.com. You can also register for our next taxpayer conference, on June 21 at 6:00 p.m., at the same link. (To make sure you never miss a notification, sign up for our free e-mail alerts at our website, www.hjta.org.)

To: Howard Jarvis Taxpayers Association

From: Gary

Subject: Taxpayer Conference

You'd better believe that I'm registered for this one-hour webinar and renewed my one-year \$15 membership. HJTA is probably the most prominent organization in the state attempting to protect the provisions of Prop. 13 which have worked as intended since implementation in 1978. Regardless, there are never enough dollars for the tax-and-spend crowd who will squander every cent their sticky fingers can grasp.

Gary E.

GRASSROOTS REPORT

ANNUAL FOLLOW THE MONEY REPORT PROVES TAXES ARE TOO HIGH AND OUR GOVERNMENT IS MISMANAGING OUR MONEY

By Eric Eisenhammer, HJTA Director of Grassroots Operations

Every year as the tax filing deadline approaches, HJTA takes an honest look at the waste, fraud and abuse that Sacramento's political establishment commits every year with our hard-earned tax dollars.

Our *Follow the Money* report is a must-read at a time when people of all political perspectives ask themselves whether it's really necessary or appropriate for taxpayers to pay so much and get so little from our government in return.

This report is consistently one of our most shared resources on social media because it transcends so many partisan divisions. While citizens can disagree on many issues of policy, most people can agree the types of abuses covered in *Follow the Money* are unacceptable.

Among the examples discussed in this year's report are the following:

- The estimated cost of California's high-speed train jumped by another \$10 billion, with the current price tag now clocking in at \$128 billion. This train was originally approved by voters in 2008 at an estimated cost of \$33 billion.
- State legislators took trips to Egypt and Japan to discuss ways

to combat climate change. Ironically, international travel is also believed to contribute greatly to climate change.

- A Bay Area county paid a woman \$2.45 million to write a book about the county, which she copied from Wikipedia.
- The City of San Francisco budgeted \$1.7 million for a single restroom.
- A California state custodian received \$185,000 in pay over four years even though he stopped working after only one month.

The failure of our state's political leadership to competently manage our tax dollars, combined with their continued creation of a hostile business climate, has contributed to a \$20 billion budget deficit and the second annual year of population decline in California.

Many analysts predict California will stagnate economically for the foreseeable future, but it doesn't have to be this way. The first step is simply for our political leaders to acknowledge a problem actually exists.

The *Follow the Money* report is always released on Tax Day. You can find it on www.hjta.org under "Resources" when you click "Studies and Reports." □

YOUR? answered

WHAT'S HAPPENING WITH THE EFFORT TO FIX PROP. 19?

HJTA's effort to fix Prop. 19 and "Repeal the Death Tax" is ongoing and making progress.

As you know, in 2022, the Howard Jarvis Taxpayers Association worked with more than 15,000 volunteers to collect signatures for an initiative that would repeal the portion of Proposition 19, passed narrowly in 2020, that removed a constitutional right Californians had for decades. Because of Prop. 19, Californians lost the ability to transfer property between parents and children, and sometimes grandparents and grandchildren, without any change to the property tax bill. Now, with only limited exceptions, property transferred between the generations is reassessed to current market value. In many cases, this is an enormous, unaffordable property tax increase, which forces families to sell long-held properties that have been painstakingly acquired through years of hard work and mortgage payments. It is robbing Californians in every community of the ability to build generational wealth.

Although we did not collect enough signatures in time to get this important initiative on the

November 2022 ballot, we have not given up.

Fixing Prop. 19 and repealing the "death tax" on property will require a state constitutional amendment. There are two ways to amend the state constitution, and both require the approval of a majority of voters.

The first method is a constitutional amendment proposed by the State Legislature. With a two-thirds vote of the Senate and the Assembly, the measure would be placed on the ballot in the next election.

The second method is a constitutional amendment proposed by a citizens' initiative. This requires a number of valid signatures of registered voters equal to 8 percent of the number of votes cast for governor in the last election. For 2023 through 2026, this number is 874,641. To be certain that enough valid signatures are collected, it's wise for proponents of an initiative to collect and submit at least 1.3 million raw signatures.

We're looking at both methods, and one is already underway.

Working closely with HJTA, Sen. Kelly Seyarto and Assembly Member Phillip Chen have now introduced Senate

Constitutional Amendment 4, which would repeal the portion of Prop. 19 that changed the rules for intergenerational transfers of property. You can help by calling your state representatives and urging them to become co-authors of SCA 4 to repeal the death tax. Look up the names and contact information for your representatives at findyourrep.legislature.ca.gov, or in the government pages of your local white pages directory.

If you'd like to call Sen. Seyarto and Assembly Member Chen to thank them for introducing SCA 4 to repeal the death tax, their office phone numbers at the Capitol are:

Sen. Kelly Seyarto –
916-651-4032

Assembly Member Phillip
Chen – 916-319-2059

In addition to HJTA's efforts in the Legislature, the HJTA legal team has drafted new language for a "Repeal the Death Tax" initiative that would restore the constitutional right of parents and children, and sometimes grandparents and grandchildren, to transfer property without triggering reassessment to market value and a huge tax increase. The new initiative is

undergoing legal reviews and we are developing a strategy to qualify it.

*You can help by
calling your state
representatives
and urging them to
become co-authors
of SCA 4 to repeal
the death tax.*

In terms of timing, a legislative constitutional amendment, if passed by two-thirds of the Legislature, potentially could appear on the primary election ballot in March 2024. An initiative constitutional amendment could be on the ballot in November 2024 at the earliest.

We receive calls and e-mails daily in both the Sacramento and Los Angeles offices of HJTA from people who are suffering because of the changes made by Proposition 19. We hear you. Be sure to sign up for e-mail alerts at www.hjta.org.

THE LEGAL FRONT *Continued from page 6*

If the substance of Measures ULA and GS stands, however, the doors will be wide open to taxing the sales of everything from shacks to mansions and at any tax rate, stealing any amount of home equity when it's time to move. That is what the well-intentioned voter in the first paragraph isn't seeing. And that's why HJTA, along with the Apartment Association of Greater Los Angeles, filed suit to invalidate Measure ULA. (Another group, the California Business Roundtable, is challenging Measure GS.)

As of the writing of this article, HJTA attorneys do not know if there will be the opportunity to stop the tax before it goes

into effect April 1. Generally, taxes cannot be stopped unless litigation is successful at the end of the appellate process. But we will continue to litigate the tax to the end. Claims for refund should be filed if taxes are paid during the litigation. We will post a claim form on the www.hjta.org website under "Taxpayer Tools."

What's helpful in Los Angeles is that the Charter declares the power of initiative to be coextensive with the power of the City Council. Thus, even in the convoluted wake of *Upland*, we have a strong case that if the City Council cannot impose a special transfer tax under Proposition 13, neither can an initiative.

There is also another way that

Measures ULA and GS may be defeated. On January 25, 2023, the Taxpayer Protection and Government Accountability Act

*Claims for refund
should be filed
if taxes are
paid during
the litigation.*

qualified! It will appear on the November 5, 2024, ballot. It has a retroactivity provision going back to January 1, 2022. So, if it passes, it will apply to Measures ULA and

GS, and many others.

Among its protections for taxpayers, the Taxpayer Protection and Government Accountability Act would restore the two-thirds voter approval requirement for all special taxes. Since Measures ULA and GS did not receive two-thirds voter approval, and it is undisputed that they are special taxes, they would have to go back on the ballot and receive two-thirds approval or expire. This is assuming litigation has not already found them invalid.

We hope for positive outcomes for taxpayers in these cases. And, as always, we thank you for your support while we fight against this wave of new threats to Proposition 13. □

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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