

## **CORRESPONDENCE**

Support for Prop 15 California Schools and Local  
Communities Funding Act

## Pena, Sarah

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**Subject:** FW: Support for Prop 15 California Schools and Local Communities Funding Act  
**Attachments:** Template Prop 15 Local Gov resolution\_August 19 2020.docx

**From:** Susan Savitt Schwartz <[ssavitts@pacbell.net](mailto:ssavitts@pacbell.net)>  
**Sent:** Friday, September 11, 2020 4:05 PM  
**To:** Tornek, Terry <[ttornek@cityofpasadena.net](mailto:ttornek@cityofpasadena.net)>; Gutierrez, Julie <[jgutierrez@cityofpasadena.net](mailto:jgutierrez@cityofpasadena.net)>  
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**Subject:** Support for Prop 15 California Schools and Local Communities Funding Act

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**To:** Mayor Terry Tornek, Legislative Policy Committee Chair, Pasadena City Council  
**From:** Martha Zavala, President, League of Women Voters-Pasadena Area  
**cc:** *Julie Gutierrez, Assistant City Manager; Anita Mackey, Advocacy Chair, LWV-PA; Elsa Pendleton; Education Committee Chair, LWV-PA; Jahmese Myres, Schools & Communities First*

Dear Mayor Tornek and Members of the Legislative Policy Committee,

I am writing to request that the Legislative Policy Committee recommend that Pasadena City Council support Proposition 15, the Schools and Communities First Act.

As the heavy smoke from the Bobcat Fire hangs over our city; as the ongoing COVID pandemic causes small businesses to struggle and gives us new appreciation for the essential services provided by our Public Health Department, School District, and their partner agencies throughout the community; as we grapple with the impact of racial inequity in hopes of making the City of Roses a place where all residents can fulfill their human potential – what better time than now to take a step that will ensure stronger, fairer funding for the services on which Pasadena – and Pasadenans – depend?

For decades, our local governments have struggled to fund the critical services that residents depend on. Public hospitals, safety net programs, essential workers, affordable housing, and infrastructure projects have either been cut or severely delayed because we don't have the money. What's worse, the public health and economic crises caused by COVID-19 has led to the impossible challenge of an increased demand for services and unprecedented budget shortfalls.

Prop 15 is a key solution to California's recovery. By closing long-standing corporate property tax loopholes, and leveling the playing field for all businesses, we can reclaim \$12 billion every year and invest in our schools and local communities. The City of Pasadena will be a direct beneficiary of an [estimated \\$22.6 million](#) in unrestricted funds, with close to another [\\$11 million](#) each in additional annual revenue to our local school and community college districts.

A recent study shows **92% of the new revenue from Prop 15 comes from 10% of commercial properties in California**. This means the vast majority of properties—including all residential properties, agriculture properties, and commercial properties worth less than \$3 million—*will not be impacted* by Prop 15. In fact, these properties are *specifically protected* under the measure and will not be reassessed.

Prop 15 protects homeowners, renters and residential property because they've *always* paid their fair share—and then some. Over the last four decades, the responsibility of property taxes has made a significant shift to overburdening residents. In 1978, residents paid about half (55%) of the property tax burden, and in 2018, paid nearly two-thirds of the burden (72.5%). While corporations have avoided their fair share, residents and small businesses have had to give more in taxes and fees to fill the gap, and cities like Pasadena have struggled to balance their budgets. We simply cannot afford corporate loopholes any longer if we are going to build a recovery that benefits all Pasadenans.

**Additionally, Prop 15 provides the single largest tax incentive in a generation by eliminating up to \$500k of the personal property tax that businesses pay on equipment and fixtures.** This will allow our small businesses—including restaurants, salons, and other businesses hardest hit by the pandemic—to reinvest in their local economy at a time when we need it the most.

This is once-in-a-generation opportunity to make the structural reforms that will address decades of disinvestment and restore billions for the essential services our families and students are counting on. Pasadena residents and area families who patronize our businesses, schools, and cultural institutions will benefit. All while maintaining California's historically low tax rate of 1%, and protecting homeowners and small businesses.

In this moment, we have a choice: either make devastating cuts that will impact residents for generations; nickel-and-dime residents with parcel taxes, sales taxes and fees that are becoming increasingly unpopular; or support Prop 15 – a fair and balanced solution supported by a majority of Californians.

Prop 15 is endorsed by hundreds of community groups, elected officials, small businesses, and unions including: the California League of Women Voters, California Professional Firefighters, Los Angeles County Board of Supervisors, State Superintendent of Public Instruction Tony Thurmond, California PTA, Pasadena Unified School District Board of Trustees, Pasadena Education Network, California League of Conservation Voters, Sierra Club California, Health Access California, California Nurses Association, California Teachers Association, California Alliance of Retired Americans, SEIU California, and Community College League of California.

Sample resolution language is attached; other documents you may find useful include: full [Policy Brief](#); [Small Business](#) policy brief; list of [education](#) and [city & county](#) supporters to date.

Thank you for your consideration.

Martha Zavala  
President, League of Women Voters-Pasadena Area

*Prepared by:*

Susan Savitt Schwartz  
Member, League of Women Voters  
Volunteer, Schools & Communities First

**Draft City and County Sample Resolution of Support:  
Prop 15: California Schools and Local Communities Funding Act of 2020**

Whereas, for the last four decades, cities and counties in California have experienced underinvestment and devastating cuts to critical services and infrastructure that residents rely on;

Whereas, the lack of adequate local funding is the result of an inequitable tax system in which corporations and wealthy investors do not pay their fair share in property taxes;

Whereas, loopholes in California's property tax system allow a fraction of major commercial and industrial properties to avoid regular reassessment and use tax schemes to hide change in ownership;

Whereas, these loopholes and tax schemes result in millions of dollars going to corporations and wealthy investors rather than to local communities for essential services;

Whereas the property tax is one of the few discretionary sources of revenue for cities and counties;

Whereas, experts estimate that *Prop 15: California Schools and Local Communities Funding Act of 2020* reclaims \$12 billion in property tax revenue every year by closing loopholes in California's property tax system;

Whereas *Prop 15: California Schools and Local Communities Funding Act of 2020* does not affect property taxes for homeowners or renters because the initiative exempts all residential property;

Whereas, allocation of revenues to cities, counties and special districts will follow current property tax allocation;

Whereas, the measure will provide billions in locally-controlled property tax funding yearly for cities, counties, and special districts;

Whereas, academic researchers at the University of Southern California (USC) demonstrated that a majority of commercial owners already pay close to market value, making the current system inequitable among businesses, benefitting large owners who have held land for a long period;

Whereas, USC research has identified that the vast majority of reclaimed revenue will come from a fraction of large commercial and industrial properties;

Whereas, additional non-partisan research has determined that the top 10% of the wealthiest corporate property owners will generate 92% of the revenue for Prop 15;

Whereas, the current failure to close the commercial property loophole has led to poor land use and inflated land values, particularly affecting the ability to provide adequate high-density housing;

Whereas, the measure incentivizes the development of residential units and provides more funding for communities to invest in affordable housing;

Whereas, the measure provides new tax incentives to spur new investment in small businesses by eliminating the business personal property tax on equipment for California's small businesses;

Whereas, the measure provides billions for cities, counties, and special districts in locally controlled revenues for affordable housing, essential workers and emergency responders, health and human services, libraries, public infrastructure, and much more;

Whereas, the measure also exempts all small business owners whose property is worth less than \$3 million;

Whereas, the measure levels the playing field for businesses that already pay their fair share in our communities;

Whereas, now more than ever, in light of the national and state economic crisis precipitated by the COVID-19 global pandemic, California's local communities need additional revenues for their continued provision of services;

Therefore, be it resolved, that the **<Insert name of City, County or Special District>** endorses *Prop 15: California Schools and Local Communities Funding Act of 2020*, a measure on the California ballot in November 2020.