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Proposition 13 Has Not Shifted Property Tax Burden to Homeowners, California Taxpayers' Association Study Shows

SACRAMENTO – As Californians work to meet the December 10 deadline for paying property taxes, the California Taxpayers' Association today released a study that provides good news to homeowners: Proposition 13, the historic property tax reform enacted by California voters in 1978, has not shifted the tax burden from businesses to homeowners.

The [Cal-Tax study](#) also reveals that despite major ups and downs in California's real estate market, the property tax has been a stable source of revenue for local governments thanks to the system created by Proposition 13.

"Proposition 13 put an end to a tax system that subjected Californians to huge, unpredictable tax increases year after year," Cal-Tax President Teresa Casazza said. "Under Proposition 13, all homeowners and business owners benefit from knowing their property taxes will not skyrocket in any given year, and can't be increased every time the government wants more money."

Renters also benefit from Proposition 13, Casazza noted, because they ultimately pay the taxes assessed on the rented property.

The Cal-Tax study, "Proposition 13 Revisited," shatters a myth perpetuated by special interests that seek to repeal Proposition 13 protections for California's job-creators – the myth that the property tax burden has shifted from businesses to homeowners.

In fact, Proposition 13 has not shifted the property tax burden from businesses to homeowners. Since passage of the initiative, the assessed value of all business and other non-homeowner property subject to Proposition 13 has grown an average of 8.4 percent per year, while the assessed value of homeowners' property has grown an average of 8.1 percent. In fact, in 2008-09, the assessed value of business and other non-homeowner property was \$827 billion higher than that of homes.

Also, commercial and industrial property is assessed much closer to current market value than is homeowner property. Since 1988, commercial and industrial property has been assessed, on average, at 74.3 percent of market value, while homeowners' property has been assessed at 65.7 percent of market value.

"Proposition 13 continues to provide a stable and growing revenue source for local government, even as it protects property owners," Casazza said. "With California's unemployment topping 12 percent, and many businesses struggling to stay open, it is especially important that we keep Proposition 13 in place to protect homeowners and employers from unanticipated tax increases and financial collapse."

The Cal-Tax study is the second annual report on how the landmark tax reform initiative has impacted California's property tax system. It uses the most recent data available from the State Board of Equalization, the state agency responsible for overseeing county assessors' administration of the property tax.

Proposition 13, approved June 6, 1978 with the support of 64.8 percent of the voters, bases property taxes on the acquisition value of property, rather than on assessors' subjective estimates of market value, and limits increases to no more than 2 percent per year. It also protects taxpayers by requiring a two-thirds legislative vote for tax increases.

Cal-Tax is a non-partisan, non-profit association founded in 1926 to protect taxpayers from unnecessary taxes and to promote government efficiency.

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