



July 14, 2009

LA Times Letter to the Editor

RE: It's time to close a big tax loophole for businesses, July 13

Columnist Michael Hiltzik is simply incorrect when he claims Proposition 13 shifted the tax burden from businesses to homeowners.

Mr. Hiltzik uses partial data from a California Taxpayers' Association study in a misleading attempt to support his claim. He notes that commercial property was assessed at 60 percent of full market value in 2006-07, but fails to tell readers that in the same year, homeowners were assessed at only 51 percent of full market value.

To call for a split roll on the grounds that homeowners are assessed at a higher level than businesses doesn't make sense – in 17 of the last 20 years, commercial property was assessed at a higher value than residential property, according to Board of Equalization statistics.

The author also incorrectly states that reassessment occurs only when property changes ownership. In fact, property also is reassessed when new construction adds to its value. Even stable businesses that seldom change hands are reassessed whenever they add features like new buildings to accommodate more employees, or new attractions to lure more tourists to California.

Finally, Mr. Hiltzik casually dismisses the impact that a multibillion-dollar annual tax increase would have on our state's businesses and consumers. With 11.5 percent of our friends and neighbors out of work, and with Californians already struggling to pay \$12.5 billion in new taxes, a massive property tax increase would be more than a minor inconvenience – it would be devastating to the state's economy.

Teresa Casazza
President, California Taxpayers' Association