

Dan Walters: Data differ greatly in California property tax debate

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Published Monday, Nov. 14, 2011

It's amazing that more than three decades after its passage, Proposition 13 is still such a polarizing political symbol.

Those on the right revere Proposition 13 for slashing property taxes and making it more difficult to raise other taxes, while those on the left see it as political devilry, denying sustenance to vital public services.

The latter know that a frontal assault would fail. They strive, therefore, to change pieces of it, such as its requirement of a two-thirds legislative vote for any tax increase, or its application to business property.

As state and local governments and schools struggle with budget deficits, we've heard a steadily increasing drumbeat about the latter point, with critics, especially those allied with public employee unions, labeling it a "loophole."

A complete shift to a "split roll" that would treat business property differently from homes would require difficult-to-obtain voter approval of a constitutional amendment, however. An alternative would be for the Legislature to redefine change-of-ownership, triggering more frequent reassessment for tax purposes.

The central debating point about the business share of the property tax burden should be relatively easy to document or refute, but it's not.

In 2009, the business-backed California Taxpayers Association issued a lengthy report concluding that property taxes on "business and non-homeowner property" had increased slightly faster than taxes on owner-occupied homes (an average of 8.4 percent per year vs. 8.1 percent).

A few months later, the union-backed California Tax Reform Association issued an equally lengthy report concluding, "In virtually every county, commercial property is paying a far smaller share of the property tax since Proposition 13 passed in 1978."

Who's right? In a sense, both are, because they are talking about different things.

The Cal-Tax study differentiates between owner-occupied housing and all other property, while the CTRA excludes rental property from its numbers on commercial property and considers it residential property.

It's a huge difference, since California has one of the nation's lowest rates of homeownership and, therefore, one of its highest percentages of renters. And it's a difference that's often lost in the rhetorical exchanges.

One recent anti-Proposition 13 screed published by the California Progress Report, for instance, cited the CTRA data, but twisted them by claiming that "the share of the property tax burden borne by homeowners has grown."

There's also a bit of semantic irony, since liberal critics of Proposition 13 have long complained that apartment house developers and other rental property owners were taking its benefits and not passing them on to tenants.

It's difficult to have a meaningful debate if there's no agreement on the underlying facts.

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