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New Study From the California Taxpayers' Association Shows Proposition 13 Continues to Be Good for the State

SACRAMENTO – Proposition 13, enacted 30 years ago by California voters, has created a stable and predictable property tax system, and has not shifted the tax burden from businesses to homeowners, according to a [new study released](#) today by California Taxpayers' Association President Teresa Casazza.

“Proposition 13 brought stability to an out-of-control tax system, and continues to protect Californians from the kind of massive, unpredictable tax hikes that were common before its passage,” Casazza said. “Statistics from the state’s tax agencies also show that Proposition 13 treats homeowners and businesses fairly, and has not allowed businesses to shift the property tax burden to homeowners.”

Casazza said the new Cal-Tax study, “Proposition 13 Revisited,” shows the landmark tax reform initiative has had the following positive impacts on California’s property tax system:

- Made the property tax stable and predictable for property owners, ending the guesswork and worry that plagued the system in the 1960s and 1970s. Prior to Proposition 13, the real estate market and assessors’ subjective valuations caused massive, unpredictable swings in the property tax.
- Made the property tax a relatively stable source of revenue for local government. The state’s real estate market has gone through major ups and downs during the past 30 years, but thanks to Proposition 13, the assessed values subject to the "acquisition value" method have increased, at an average annual rate of 8.4 percent.
- Has not shifted the property tax burden from businesses to homeowners. Since passage of the initiative, the assessed value of non-homeowner property subject to Proposition 13 has grown an average of 8.5 percent per year, while homeowners’ property has grown an average of 8.3 percent. Thus, the Proposition 13 property taxes paid by non-homeowners have outpaced homeowners’ property tax burden. For example, in 2006-07, taxes on non-homeowner property were \$6.2 billion higher than those on homes. Data from the Board of Equalization also shows that business property is assessed much closer to market value: Since 1988, business property has been assessed, on average, at 75.1 percent of market value,

while homeowners' property has been assessed at 66.3 percent of market value.

Proposition 13 also protects taxpayers by requiring a two-thirds legislative vote for tax increases. This has not prevented tax hikes when lawmakers believed there was a real need. Since Proposition 13's passage, there have been 22 increases in state taxes.

"The truth is that Proposition 13 protects taxpayers and, at the same time, ensures a stable yet growing budget base for local governments," Casazza said. "Californians knew what they were doing when they approved Proposition 13."

Proposition 13 was approved June 6, 1978, with the support of 64.8 percent of the voters. A poll released May 22 by the Public Policy Institute of California indicates that the initiative is even more popular now, as 67 percent of likely voters responded that "passing Proposition 13 has turned out to be mostly a good thing for California."

Cal-Tax was founded in 1926 to protect taxpayers from unnecessary taxes and to promote government efficiency. The association serves taxpayers through research and advocacy on significant tax and spending issues in the legislative, executive and judicial branches of government.

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