

From: May 29, 2020 Board Meeting-Public Comment
To: Srinivasan, Indhubala (Indhu)
Subject: [External] May 29, 2020 Board Meeting-Public Comment
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STATE BOARD OF EQUALIZATION

Michael Russo Item # M1

Item Name: Impact of Covid-19 on PT Admin.

Meeting Date: 6/09/20 Minutes Exhibit #: 6.21

PUBLIC COMMENT

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Agenda Item(s):

M1c. Working Group Report – 3: Section 170 Disaster Relief for COVID-19 Calamity

M1d. Working Group Report – 4: Proposition 8 – Decline In Value Relief for January 1 2020

Comment:

We urge the Board to adopt the status quo option (options 4 and 5 respectively) for these two agenda items, in order to safeguard resources that are critically needed for cities and counties at this time of crisis. Advancement Project is a civil rights organization that works to end racial disparities by transforming public systems. As part of that mission, we perform budget analysis to support advocates, community organizers, and residents from across the state, including the Central Valley and Inland Empire, as they call for equity-based-investments in low-income communities of color. In these past few weeks, I've had many conversations with partners worried about the impact of the pandemic and the recession on their local budgets. They're especially concerned on the ability of their communities to provide critical health services, support the homeless, renters, and struggling homeowners as they face housing instability, and provide PPE and other material to public and essential workers. The one piece of good news I've been able to share in those conversations is that while many local revenue sources have declined sharply, property taxes should be relatively stable, and provide a key lifeline to cities and counties. The proposals advanced by working groups 3 and 4 would undermine this stability via legally- and economically-dubious approaches that would harm the communities who have been most impacted by the COVID-19 pandemic. There are three primary reasons why we urge you to reject the options presented by these two working groups: -First and most importantly, these options would both rob localities of resources to support those most in need, while directing the largest dollar-value assistance would go to the most valuable properties, owned disproportionately by deep-pocketed corporate entities that are best positioned to weather the recession (and who have already received substantial assistance via the CARES Act and other federal action). -Second, these proposals would create significant uncertainty when local officials need reliable information and projections to inform their budget-making. Because of the unsettled nature of the economy, assessing property values is very challenging right now -- whether or not the fall will bring a second wave of outbreaks will have a significant impact on what economic activity looks like in the second half of the year, for example. The proposed reassessments would require much guesswork, administrative complexity, and a flurry of lawsuits and appeals that would undermine certainty for localities and property owners alike. Further, several of the options identified by working group 3 certainly appear to violate our state's constitution, which would trigger still further legal challenges. -Finally, these approaches are all deeply counterproductive ways of addressing a potential problem that localities are best equipped to handle themselves. Many, many cities and counties across the state have created spending programs to help renters pay their rent or get grants to small businesses that need help to stay open during the lockdown. Local officials are the ones who have the information and legitimacy to weigh competing needs and

determine how to prioritize assistance to property owners given the specifics of their community's health needs, economic situation, and fiscal condition. And unlike the revenue losses that these proposals would create, these new programs are reimbursable with federal dollars under the CARES Act, meaning they provide additional resources for California while these proposals would starve our state. For the foregoing reasons, to ensure that California mounts an effective and equitable response and recovery to this crisis, we urge you to reject the proposed options and adopt a status quo approach to both of these key issues. Michael Russo Director, Equity in Community Investments Advancement Project California