From:	July 22-23, 2020 Board Meeting-Public Comment
To:	Meeting Info
Subject:	[External] July 22-23, 2020 Board Meeting-Public Comment
Date:	Thursday, July 23, 2020 10:18:35 AM

STATE BOARD OF EQUALIZATION
Jennifer Bestor Item # __
Item Name: Info Hearing – Split Roll Initiative
Meeting Date: 7/23/20 Minutes Exhibit #: 7.41
PUBLIC COMMENT

Name: Jennifer Bestor
E-mail Address:
Phone:

Agenda Item(s):
3. Discussion with Proponents and Opponents

Comment:
Board of Equalization Members, If Proposition 15 passes, I wish you well in trying to implement its surprisingly punitive mechanisms within your mandate. Ensuring that property tax assessments are uniform and equal across all counties in California will never have been as difficult, nor as crucial. Never will the temptation to game the system have been higher for assessors. And never will their offices have been so stressed. I wish this were a close-the-loophole measure that would make your mandate easier. Instead, it makes one group — commercial property owners — bear a disproportionate share of local services. With the residential market valued, according to assessors' reports at 55% of market now — and rarely more than 80% — keeping commercial property perennially at 100% of market represents a 40%+ surcharge. I wish this were a measure that respected local economies and public services. Sadly, it does not — moving massive amounts of property tax beyond each county's boundaries, breaking the protections provided until now by Article XIIIA Section 1a and Article XIII Section 24b of the Constitution. Roughly $1.5 billion of property tax will leave those counties that allocate a high proportion to education, as well as high-cost counties, never to return. I wish this were a measure that encouraged cities and counties to invest in housing. Instead, it makes commercial property an even more valuable source of tax revenue. With a perennial 40% premium from commercial properties, on top of sales tax and other taxes and fees, and with no resident children to educate, we will see more, not less, incentive to attract commercial development. Finally, I wish this were a measure that respected community-funded basic-aid districts — the only districts in high-cost areas that equitably provide an education to local public school students. Sadly, unlike the legislatively referred Proposition 19, which respects those districts, it strips them of all but $100 per student of their local tax — that $100 to be decreased again by its new business property exemptions. Having worked for over a decade to get more stable, reliable property tax into California's schools, it saddens me that a smash-and-grab solution, rather than a close-the-loophole, is before voters. It saddens me more that proponents are quick to show how much additional tax revenue will be raised in each county — but, in three years, have never published the easily calculable amounts that will be moved into a central pot in Sacramento, never to return. Is it fair to wonder if this is because the mechanisms so favor Los Angeles County over all others? Or is it because proponents don't wish to acknowledge the door they open for centralization and redistribution of the $24 billion of property tax still left to schools? After all, this year a 2004 law known as the Vehicle License Fee Swap is removing over $9.4 billion of education-allocated property tax — while returning just $6.4 billion in Prop 98 state-aid funding — limited only by the fact that property tax has not gone beyond county boundaries. I wish you well — your role is crucial in trying to attain some balance between newly competing factions.

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Name: Jennifer Bestor
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Agenda Item(s):
5. Impact on County Assessors

Comment:
Listening to BOE Staff and Assessors, I am struck anew by the costs and inefficiency of this proposition — and the pain that will be felt by all trying to cope with its sledgehammer approach. Blue Sky Consulting's Tim Gage — former state Director of Finance who spoke as an architect of the proposition to the Assembly Hearing on the Proposition on June 4th — published “Concentration of Revenue Generated by Proposition 15” on behalf of the proposition last week. The first page of this analysis shows that 10 percent of commercial industrial properties would pay 92 percent of the revenues raised by the measure. So nine out of ten commercial industrial properties will require appraisals to raise just 8% of the new funding. This could not be more inefficient or uneconomic for appraisers, appeals boards, the BOE, or property owners. Equally interesting, on page 4, it shows 30.4% — almost a third of all new revenue — coming from properties whose base years fall within the past decade. This runs directly opposite to proponent Lenny Goldberg’s statements. Only 13.7% will come from 1975-1979 base year properties — the Disneys, McDonald’s, and others — according to that same chart. This goes a long way to explain why individual rents will increase — because the actual mechanisms in this proposition go so far beyond closing the loophole on a small percentage of scofflaws. It raises costs across the board, on every business property, and most particularly on properties that are paying full fare currently. Furthermore, the same published analysis shows that only 9.5% of commercial properties are considered to be within 80-100% of market value — not 60%. Sadly, while proponents' arguments run close to my heart, its mechanisms run directly contrary to the mechanisms within their proposition. The Blue Sky document is available at https://assets.documentcloud.org/documents/6988869/Proposition-15-Analysis-1.pdf Jennifer Bestor Menlo Park