

California's Inequitable Tax System Hurts Schools & Local Communities

For more than four decades, California's commercial and industrial properties have not been taxed based on their market value. Instead, they have been taxed based on their purchase price plus an annual adjustment for inflation up to 2%, meaning some long-time property owners get large tax breaks relative to newer owners. **Why does this matter for Californians and their communities?** Local tax revenue reflects a community's shared effort to support vital public services that Californians rely on, such as education for students in K-12 schools and community colleges, housing, health care, public parks, and libraries.

What Increasing Revenue From Commercial & Industrial Properties Would Mean for California's Vital Public Services

California's current system of taxing commercial properties based on purchase price compromises the ability of schools and local communities to provide essential services for Californians. A ballot measure before California voters in fall 2020 – Proposition 15 – would change how commercial and industrial properties are taxed and would provide more revenue for schools and communities.

Property Tax Revenue Today in California



- Commercial Property Purchased in 1980 for \$10.5 Million
- Current Market Value: \$140 Million
- Current Taxable Value: \$24 Million
- Revenue for Schools & Local Communities: **\$240,000**

Opportunity to Change Property Tax Revenue Under Prop. 15



- Same Commercial Property
- Taxable Value Under Prop. 15: \$140 Million
- Revenue for Schools & Local Communities: **\$1.4 Million**

A local community could receive **more than \$1 million in new revenue per year** from this commercial property.



Prop. 15 Would Increase Revenues for Schools and Local Communities and Make California's Tax System More Equitable

Note: The hypothetical property in this example is roughly based on data from the Los Angeles County Assessor's office for an actual office building that was recently sold.

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