



## *The Voter*

LEAGUE OF WOMEN VOTERS® OF STANISLAUS COUNTY

---

April 2018      Serving the Citizens of Stanislaus County, California VOL. 65, NO. 10

---

### ***President's Message***

At the last Lunch & Learn I was asked how the League makes the decision to support a ballot proposition. Reflecting on the question afterwards, I did not feel I had answered the question adequately, so I will try to be a little more thorough here.

Taking action on public policy issues is a key component of the League's mission. Taking action is always based on current program positions and/or League Principles. California League positions are developed after member study and consensus at the local level and then adopted at the state convention. Local League positions are reviewed annually, while state and national positions are reviewed alternately every other year, during program planning. This year Michael Fuller and Marie Bairey produced an excellent special edition of *The Voter* inviting every member to give input on the positions.

The League has many positions and many opportunities to act, so how does the state board decide when to take action on state legislation and statewide ballot measures, and on which items? Recommendations and requests for action come from a variety of sources. Local Leagues or even individual members can request that the board look at a proposal for possible action, or the author of a bill may request League endorsement, or other groups working in a particular area can ask the League to join them in endorsing a bill or ballot measure, or the legislative advocacy staff following legislation closely may simply find something we want to address.

Requests for action are first sent to off-board Program Directors and Legislative Consultants. These volunteer member consultants are experts in the particular area being considered for action and are also experts in League positions. They prepare an analysis of the measure, how it changes the current situation, a summary of League positions that apply, and recommend supporting or opposing the measure and also its level of importance.

The recommendations of the consultants are then considered by the LWVC Legislation Committee, made up of the LWVC President, VP for Advocacy and Program, all program directors from the LWVC Board and two off-board members. This committee can take action on endorsing bills but only makes recommendations for support of ballot measures. The entire LWVC Board makes the decision to take action on ballot measures.

As you can see, decisions on public policy issues are not made without careful consideration. The other part of the question was if the LWVC Board had an equal balance of conservatives and

liberals. In today's political climate that seems a very reasonable question. In reality, conservative and liberal are labels that are not generally used as the League considers positions. Those terms, in my mind, imply that decisions are based on a set of political beliefs. That is not the way the League functions. The League takes a position on an issue based on its study of the public policy issue in question regardless of where it falls on the political spectrum. Not every League member will agree with every League action, and that is fine, but hopefully every member can be assured that the League is acting after careful study and consideration. *"To reach the League's aim, study is not enough, becoming experts is not enough. Good citizenship requires not only knowledge, but ability to act.* – Marguerite Wells, President, League of Women Voters, 1934-44.

We will be very busy throughout April with the Voter Service arm of League activity. Thank you to Marsha Blomquist for all her hard work setting up five forums in a three-week period and to all the members who have volunteered to help. I am looking forward to hearing from all of the candidates. I hope you can attend the forums and help us spread the word to friends and neighbors. ■

Mary

**Find out more about how the League makes recommendations:**

[How the League Takes Action](#)

**Find non-partisan election information:**

You can enter your address at [www.VotersEdge.org/ca](http://www.VotersEdge.org/ca) and get your entire ballot as well as your polling place.

---

### **Proposition 13: Then and Now**

by Ruby Hennessey

The March Lunch and Learn meeting was devoted to a discussion of Proposition 13 and the California Schools and Local Communities Funding Act of 2018, an initiative to make some changes in Prop 13. The program was presented by LWV members Hanna Renning, Ruby Hennessey and Mary Giventer.

Prop 13 was passed in 1978, a time of high inflation with rapidly rising housing prices and property taxes. The property tax was set by local governments, and the revenue went to schools and local governments. The average property tax was 3 percent of the market value of the property with no limits on increases in the tax rates for the property which was reassessed yearly. At the same time, the state government had a comfortable surplus. With California property taxes flowing in, California along with New York ranked highest in per pupil school funding. But people, especially seniors, were worried about inflation and escalating housing costs. Even if their mortgage was paid off, they still saw yearly property taxes rising to levels that made it difficult for some to stay in their homes. "Save Grandma's House" was a popular slogan in the Prop 13 campaign.

Provisions of Prop 13 included the following:

1. Property tax rates capped at 1 percent of full cash value at the time of acquisition and increases limited to an annual inflation factor of no more than 2 percent.

2. Property values for tax purposes are rolled back to their 1976 value.
3. Responsibility for allocating property tax is transferred to the state. The state legislature allocates the property tax revenues to local jurisdictions.
4. Property is reassessed for tax purposes only when it changes ownership or when there is new construction significantly altering the property.
5. This applies to all property — residential, commercial, business and farm.
6. Requires any measure enacted for the purpose of increasing state revenue be approved by 2/3 vote of both the state Assembly and Senate.
7. Requires any taxes raised by local governments for a designated or special purpose be approved by two-thirds of the voters.

Over the years extensions were made so that property can be passed from parent to child or grandchild without reassessment. This is significant for maintaining family-owned businesses and family farms.

**EXTRAORDINARY**  
**THE LEAGUE OF WOMEN VOTERS OF CALIFORNIA**  
**AND THE TAX LOOPHOLE OF DOOM**

**What are some the effects of Prop 13 40 years later?**

California continues to have low property taxes. It ranks 17 across the nation. In 2016 the median price of a home in California was \$409,300 with an average property tax of \$3,237. In New Jersey, the median value of a home is \$316,400 with an average property tax of \$7,600. Benefits for large commercial properties that seldom, if ever, change ownership, are even greater. The Bank of America building in San Francisco is valued at \$1.2 billion with a tax of 14.4 million a year. In Florida that property would tax bill would be \$25.4 million and even higher in New Jersey. Disneyland is a prime example of a property that that has greatly increased in value but still has taxes based on its 1978 market value. Ticket prices, however, have increased significantly from \$6.50 for a one-day price to \$97 dollars for a day in just one part of the park.

Tax inequities, simply based on when the property was bought, have built up over the past 40 years for houses and businesses. A house built in 1978 for \$125,000 would today sell for about \$500,000. The owners who have lived there for 40 years would be paying dramatically less tax than the person who moved into an identical house in 2018. This places a larger tax burden on young people just getting into home ownership and others who must relocate for job transfers or family issues.

This “old vs. new” tax disparity can also make it hard for new small businesses to compete. For example, across from the Staples Center in Los Angeles, two identical parking lots set side by side. One lot is assessed at \$11.44/sq-ft, the other at \$214/sq-ft based solely on when they were

purchased. Despite the disparity, the higher valued lot cannot reasonably charge higher parking fees to make up the difference.

Fractional ownership is a tax loophole that can keep property taxes down for large commercial properties. If less than 50 percent of the property is sold to one individual, it does not trigger a reassessment of the property. An example of this practice involved a downtown hotel in Los Angeles. A businessman bought 48% of the hotel, his wife bought 45% and the remainder was bought by a subsidiary company he controlled. He saved a million dollars a year in taxes since the property was not reassessed at current market value — and it was all perfectly legal.

Prior to Prop. 13, revenue from residential and commercial property was about 50/50. Today homeowners pay 72 percent of the property tax while commercial properties contribute 28 percent. Moreover, 8 percent of the largest corporations get 77 percent of the benefits.

Many states balance their budgets between income taxes, property taxes and sales taxes with each amounting to a third of state revenue. This reduces dependence on any one source and makes for increased stability. California has attempted to partially make up for lower property taxes by increasing other forms of taxation. And, for people who own homes, the lower property taxes offset the higher personal income and sales tax. An average wage-earning family is estimated to pay 11.7 percent of their income in state and local taxes which is just slightly above the national average of 11.5 percent. Renters, however, do not get to benefit from balancing their taxes in this way. There is no clear evidence that landlords pass on property tax savings to their renters. Rent is much more driven by a supply and demand market.

In the 1990s California permanently redirected a fifth of statewide property taxes to K-14 school districts. But even with this, California has slipped from being at the top in per-pupil funding to 41st in the nation, and we have some of the largest class sizes. Local governments are struggling to fund public schools, community colleges, libraries, health care, public safety and infrastructure such as roads and bridges.

### **So What Do We Do Now?**

A fairly broad coalition of social service, education, local governments and progressive policy groups, including LWV California have come together under the Make It Fair banner to place an initiative, the California Schools and Local Communities Funding Act of 2018 on the November 2018 ballot. Make It Fair believes this Prop 13 reform will even the playing field and make the property tax structure more equitable.

It would establish a “split roll” tax, taxing residential property differently than commercial property. This is commonly the case in other states. We are the only state in the nation that has frozen commercial property taxes. Most states reassess property every 1-5 years. Several states have higher tax rates for commercial property.

continued on next page →

The specific provisions are:

1. It will establish regular reassessment of non-residential commercial property and tax the property at current value. Reassessments would be phased in over a three-year period beginning in 2020. After 2023 commercial property would be reassessed every three years. The tax rate would be kept at 1 percent, making it among the lowest in the country.
2. There will be no change in Prop 13 protections for residential property. Home owners, home renters, apartment renters and apartment owners will not be affected.
3. Small business owners, defined as having fewer than 50 employees, will be exempt from reassessment.
4. Business owners, whether renting or owning, will get direct tax relief through the reduction of personal property tax on equipment and fixtures by exempting \$500,000 of that property from taxation and eliminating the tax altogether for businesses with fewer than 50 employees.
5. There will be no change in current law affecting taxation or preservation of agricultural lands.
6. Revenue collected through this tax will go into a trust fund for distribution to schools and local entities. It will not go into the General Fund and cannot be used for any other purpose. The trust fund will be dispensed 40 percent to schools and the rest to local governments. Money to schools will be supplemental to, not in place of, current school funding. All entities receiving money must publish annual budgets, including how much money was received from property tax and how it was spent.

The Legislative Analyst's Office estimates this will bring in between \$6 and \$11 billion annually.

What does the opposition have to say?

Because this has not yet qualified for the ballot, there is not yet a lot of organized opposition, but it is certainly anticipated that large corporations will oppose it. The Chamber of Commerce has announced opposition. They argue that:

1. Higher taxes will be passed on to consumers. Businesses might try to reduce overhead by cutting employee hours or jobs.
2. Passage would encourage local governments to approve new commercial and retail development over much needed housing development.

An OpEd piece in the *Orange County Register* made the arguments that:

1. Tax hikes would be passed on to small businesses that rent space in commercial buildings.
2. Schools don't really need more money; the real problem is employee pensions: what we really need to do is reform teacher pensions.

You can keep up with developments on this initiative on the following websites: <http://makeit-fairca.com>, <https://www.evolve-ca.org> and <https://lwvc.org/search/Make%20it%20Fair>.

Petition information is also available on <https://lwvc.org>. ■



*The League of Women Voters is a nonpartisan political organization that provides educational events where voters can meet and question candidates who are running for public office. Elected officials make decisions that may directly affect the lives of people in our community.*

## **MEET THE CANDIDATES • LWV Forums**

**Stanislaus County District Attorney  
Stanislaus County Sheriff-Coroner**

**Introduce Candidates for Superior Court Judge: Judicial Office No. 2**

Date & Time: 6:00 PM Tuesday **April 10, 2018**

Location: Modesto Junior College East Campus Forum 110

Note: \$2.00 parking fee on campus

Presented as part of the MJC Civic Engagement Project-Voter Service



**Stanislaus County Supervisor District 3 and 4**

Date & Time: 6:00 PM Wednesday, **April 11, 2018**

Location: 1010 10<sup>th</sup> Street: basement • Stanislaus County/City of Modesto Chambers

Note: Enter building on the 10<sup>th</sup> Street side.

**Stanislaus County Superintendent of Schools**

Date & Time: 6:00 PM Tuesday, **April 17, 2018**

Location: 1100 H Street, Board Room

Note: Enter building through the G Street parking entrance or the 12<sup>th</sup> Street side entrance.

**Congressional District 10 • U.S. House of Representatives**

Date & Time: 6:00 PM Wednesday, **April 18, 2018**

Location: 1010 10<sup>th</sup> Street: basement • Stanislaus County/City of Modesto Chambers

Note: Enter building on the 10<sup>th</sup> Street side.

**Congressional District 10 • U.S. House of Representatives**

Date & Time: 7:00 PM Wednesday, **April 25, 2018**

Location: Bianchi Center, 110 S. 2<sup>nd</sup> Ave., Oakdale

Presented in partnership with the American Association of University Women of Oakdale,  
Riverbank and Escalon

**Officers**

Mary Giventer  
*President*

Marie Bairey  
*Vice President*

Laurie Carley  
*Secretary*

Julie Saugstad  
*Treasurer*

**Directors**

Marsha Blomquist  
Marsha Waggoner  
*Voter Service*

Karrie Bullock  
*Membership*

Michael Fuller  
*Editor, The Voter*

Ruby Hennessey  
Hanna Renning  
*Lunch & Learn*

Arlene Ison  
*Public Relations*

Seena Rhine  
*Action*

Wendy Scott  
*Finance Drive*

**Others**

Richard Jacobs  
*Webmaster*

George Britton, chair  
Stella Beratlis  
*Nominating Committee*

**New Members**

We are happy to report that Trudy Silveira of Modesto attended the last Lunch and Learn and joined the LWVSC at the same time. Welcome to League! We missed acknowledging a new student member and wish to welcome Demara Paras. Stella Beratlis is Demara’s mother. ■

**1 On the Calendar**

**Earth Day: Opportunity for Volunteering**

Saturday, April 21, 10 AM to 4 PM

We have a kids’ activity, lots of outreach opportunity and always a lovely, fun day in Graceada Park. Please contact Karrie at [karriebullock@gmail.com](mailto:karriebullock@gmail.com) if you can help out. ■

**Lunch and Learn**

**Thursday, April 26 • Noon •** At Ridgway’s on Orangeburg (Century Center, Modesto) • Chef’s Choice menu at \$15; a vegetarian lunch is also available at the same price.

**Dr. Fredrick (“Rick”) Wentworth**, Superintendent of Schools in San Joaquin County from 1991 to 2010, will discuss the many duties and functions a county superintendent of schools must fulfill if elected to this position. ■

**Forums**

Please see the full schedule for the LWV forums on page 6 of this issue. ■

**Additional Donors**

Several donors to the 2017–2018 Finance Drive were omitted in last month’s *Voter*; in the meantime, additional donations have come in. We are happy to report that the following people also donated. Thank you, one and all.

- |                                 |                               |
|---------------------------------|-------------------------------|
| Carol Anderson                  | Patricia Phelan               |
| Carol Ann Blomquist             | Margaret Scheuber             |
| Mercedes Hart                   | Wendy Scott                   |
| Jane Manley and Ricardo Cordova | Sue and Randy Siefkin         |
| John Miles and Priscilla Peters | John Stott                    |
| Paul and Pamela Neumann         | Randy Wagner and Megan Gowans |

**League of Women Voters of Stanislaus County**  
**P.O. Box E**  
**Modesto, CA 95352-3669**