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## Opinion: How California voters can update, improve Prop. 13

By **DAVID C. BOHNETT** | PUBLISHED: February 19, 2018 at 2:08 pm

California voters have an opportunity this November to correct decades-old legislation that has resulted in deteriorated public institutions and services throughout our state. It's time to challenge the divisive and widespread anti-tax sentiment promulgated by powerful interest groups bankrolled by wealthy donors.

The California Schools and Local Communities Funding Act is a proposed constitutional amendment that would update and improve Proposition 13, the 1978 tax law that fundamentally crippled local governments.

A contributing factor to Prop. 13's passage was the sentiment that older Californians should not be priced out of their homes through high property taxes. However, the proposition's underreported giveaways to big business and corporations have exacerbated inequity and inefficiency in the state's tax structure.

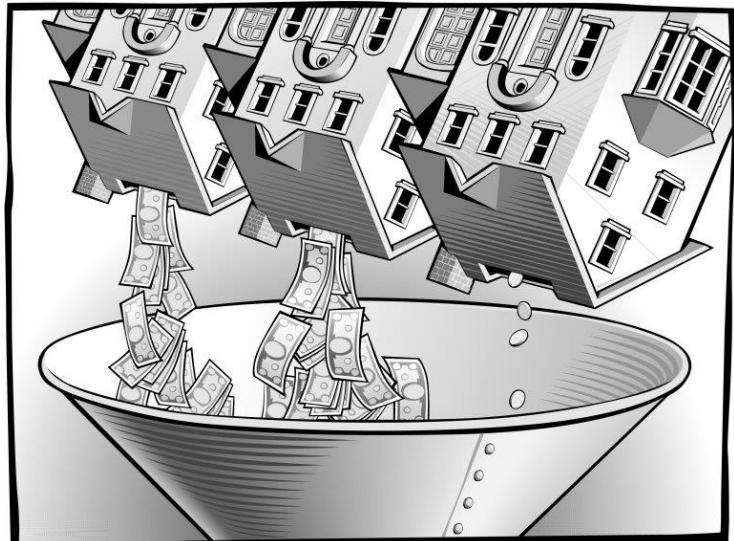
The new law would keep tax rates the same for individual homeowners, but would close the business loophole. It will periodically reassess commercial and industrial properties to full market value, while safeguarding homeowners, renters and agricultural land.

Currently, just a fraction of the wealthiest landowners are benefiting from the loophole. In fact, a recent study at USC calculated that 77 percent of the new revenues will come from just 8 percent of the properties, all valued over \$5 million.

Having greater and more stable revenue sources will generate innumerable benefits for our state by funding critical services and infrastructure projects, while also improving California's development climate.

The catastrophic effects of Prop. 13 have played out in a particularly shameful way for California's public education system, which has plummeted from No. 1 — the pride of the nation — to close to the bottom.

For example, the UC system is a powerful economic engine and a center for technical, scientific, social, and cultural advancement. However, years of budget cuts to higher education have skyrocketed



An initiative on the California ballot in November will give voters a chance to update and improve Proposition 13, which passed in 1978.  
(Doug Griswold/Bay Area News Group Illustration)

tuition, cut vital services, and encouraged the use of out-of-state and international students as cash cows, putting those iconic institutions at serious risk.

We can't abide by that. This critical reform will raise approximately \$11.4 billion annually in statewide revenue from reassessment, with a majority going to public education.

California's current property tax system is also terrible for land use, promoting sprawl and disincentivizing developing underutilized land, particularly commercial land. Reassessing commercial property will lead to higher density development on that land, raise revenues, and incentivize increased density from both commercial and residential uses.

Beyond the devastating impact on our local schools and other critical services, Prop. 13's corporate loophole is specifically hurting small businesses and tech startups. Virtually each tech company founded after the passage of Prop. 13 is paying much more in property taxes than some of its neighbors.

Ultimately, it is the responsibility of local and state governments to fund public services and an infrastructure system that facilitates commerce, helps sustain a middle class, and educates our workforce to keep us competitive in a global economy. But here's the big rub: Prop. 13 has choked government funding to the point of starvation, and it's hard to think clearly when you're starving. As an investor in early stage technology, and an active funder of cultural arts and social services in California, I care deeply about the welfare of all Californians.

We must all raise our voices to eschew self-interest in favor of the greater common good — and hold lawmakers, including our current governor and gubernatorial candidates, accountable to that same commitment. It's time for those of us who can afford to pay higher taxes to do so, and it's time to reform California's dysfunctional commercial property tax system.

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