

## **Creeping taxation plans imperil Proposition 13**

**By Alan Pentico**

Thursday, March 21, 2013

An old fight is heating up in Sacramento over an issue critically important to the rental housing industry – property taxes. Ironically, after the success in passing two measures last year to increase tax revenues to the state – over \$8 billion in new dollars per year – several California lawmakers are looking to real estate to grab even more.

There are nearly a dozen proposals pending in Sacramento to increase property taxes, some of which would amend the state Constitution to change the amendment that protects us from higher property taxes – Proposition 13.

Proposition 13, passed in 1978, was called the “People’s Initiative to Limit Property Taxation.” Declared constitutional by the U.S. Supreme Court in *Nordlinger v. Hahn* (1992), Proposition 13 caps property taxes at 1 percent of the estimated value of the property, based on its current use.

Additionally, this provision of the state Constitution stipulates that property must be reassessed only when ownership is transferred, protecting homeowners from sharp tax hikes.

Many attempts to erode or eliminate the property tax increase protections provided by Proposition 13 have been rejected over the years. Yet advocates of higher taxes in Sacramento are ignoring history and moving forward this year with several Proposition 13 evasions, among them the so-called “split roll” property tax system,

A “split roll” tax means higher costs for everyone. Like those of the past, the current plan at the State Capitol would set higher property tax rates for commercial properties, including rental housing.

We all know what happens when costs go up, as they will with a new tax: Prices, including rents, must rise to compensate. That’s sure to happen in the stores of your local shopping center and, if you’re a renter, right at home,

Other legislation being considered would do several things to make it easier for Sacramento to raise taxes with less oversight. By reducing the required majority vote from two-thirds to 55 percent, for example, state lawmakers would be able to justify parcel tax increases to a smaller majority of Californians. Implications of such a move are significant for rental properties.

It was just the kind of creeping taxation contained in these bills in Sacramento that caused California voters to revolt in 1978 and overwhelmingly approve Proposition 13. Now is not the time to undo this important public policy. The San Diego County Apartment Association, on behalf of the rental housing and real estate industry in the region will remain vigilant and vocal to prevent this new assault on Proposition 13.

*Pentico is executive director of the San Diego County Apartment Association.*