



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: BOS
Department No.: 011
For Agenda Of: 09/15/20
Placement: Departmental
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors

FROM: Department Supervisor Das Williams
Director:
Contact Info: Darcel Elliott, (805) 568-2182

SUBJECT: Resolution in support of Proposition 15

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

As to form: No

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

- a. Adopt a resolution in support of Statewide Ballot Proposition 15, The California Schools and Local Communities Funding Act of 2020, on the November 3, 2020 statewide ballot; and
- b. Determine that the above action is not a project under the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Sections 15378(b)(4) and 15378(b)(5) because it consists of government administrative or fiscal activities that will not result in direct or indirect physical changes in the environment.

Summary Text:

Proposition 15, known as the California Schools and Local Communities Funding Act of 2020, would amend the California State Constitution to require commercial and industrial properties, except for those zoned as commercial agriculture and properties whose business owners have \$3 million or less in holdings in California, to be taxed based on their market value while continuing to assess taxes on residential properties based on the purchase price. The California Legislative Analyst's Office (LAO) estimated a range of \$7.5 billion and \$12.5 billion in additional revenue would be generated per year statewide, with most of that money going to local schools and jurisdictions. An analysis completed by the Blue Sky Consulting Group to estimate local revenue that would be generated by the measure estimated nearly \$51 million in additional revenue coming to Santa Barbara County jurisdictions (not counting the money going directly to local schools) if this initiative is successful. Roughly, \$29 million of that would go into the County General Fund with the rest allocated among cities and special districts.

Background:

Proposition 13, approved by California voters in 1978, created the state’s current property tax system in which residential, commercial, and industrial properties are all taxed based on their purchase price with the tax limited to no more than 1 percent of that price with an annual adjustment of either the rate of inflation or 2 percent per year, whichever is lower. The California Legislative Analyst’s Office has stated that, in most years, the market value of most properties grows faster than 2 percent per year and, as a result, the taxable value of most properties is less than their market value. Although corporations can change ownership by being bought and sold, they rarely sell their physical property and, therefore, often are not reassessed at that time. Homeowners and small business owners do not have this ability. Unless they pass their property down through their family, when a home or small business property changes ownership, it triggers a reassessment.

Proposition 15 would change the way non-agricultural commercial and industrial properties are taxed to be based on their fair market value with an exception for properties whose business owners have \$3 million or less in holdings in California. Additionally, the initiative would exempt the first \$500,000 in value of a business’s personal property and exempts all personal property of small businesses (defined as businesses that own California property and have 50 or fewer employees).

The LAO estimates the measure would increase statewide property tax revenue by \$7.5 billion to \$12 billion annually. The ballot initiative states that revenue must first be distributed to the state to supplement decreases in revenue from the state’s personal income tax and corporation tax due to increased property tax deductions and then to counties to cover the costs of implementing the measure. The LAO estimates a remaining \$6.5 billion to \$11.5 billion, of which 60 percent would be allocated to cities, counties, and special districts and roughly 40 percent to schools and community colleges. The analysis done by Blue Sky Consulting Group predicts Santa Barbara County, cities, and special districts would receive a total of nearly \$51 million, with almost \$29 million of that going into the County General Fund.

Financial Impacts:

No financial impacts.

Staffing Impacts:

Legal Positions:

FTEs:

- No staffing impacts

Special Instructions:

- None

Attachments:

- Attachment A – Resolution in support of Proposition 15
- Attachment B – Text of Proposition 15
- Attachment C – Legislative Analyst’s Office analysis

- Attachment D – Blue Sky Consulting Group Allocation of Revenues from Schools and Communities First for Selected Counties

Authored by:

Darcel Elliott, Chief of Staff, First District Supervisor Das Williams
805-568-2182

cc: