

FILE NO. 090751

RESOLUTION NO.

1 [Supporting an equitable split-roll property tax]

2  
3 **Resolution supporting a constitutional amendment to implement an equitable split-roll**  
4 **property tax and urging San Francisco's representatives in the California Senate and**  
5 **Assembly to continue to work to modify the definition of a "change of ownership" for**  
6 **commercial property.**  
7

8 WHEREAS, In 1978, California voters passed Proposition 13, which limited property  
9 taxes to 1% of the assessed value of the property, and limited potential future increases to  
10 the original assessed value to a maximum of 2% per year; and,  
11

12 WHEREAS, Proposition 13 has resulted in a dramatic reduction in state revenues,  
13 contributing to the state's persistent structural budget deficits and exemplified by California's  
14 drop in per-pupil spending from 18th in the nation in 1977 to 47th today; and,  
15

16 WHEREAS, Proposition 13 specified that property is to be reassessed at full market  
17 value when the property is sold; and,  
18

19 WHEREAS, Many voters supported Proposition 13 to offer protection to homeowners  
20 on fixed incomes who were burdened by rapidly increasing property taxes as the value of  
21 their property increased in California's escalating housing market; and,  
22

23 WHEREAS, Reassessment of commercial property occurs less frequently than  
24 residential property because, in California Revenue and Taxation Code Section 64 subsection  
25 (c), a "change of ownership" is defined narrowly to occur only when a single person or entity  
acquires more than 50% of a corporation, and,  
26

27 WHEREAS, Proposition 13 led to a substantial shift in the tax burden from commercial  
28 property owners to homeowners; and,  
29

1 WHEREAS, Proposition 13 has resulted in massive disparities in the amount of  
2 property tax paid by similar commercial properties; and,

3 WHEREAS, A 2004 report by the California Tax Reform Association found that San  
4 Francisco's Hilton Tower hotel paid \$0.80 per square foot in property tax while the Clift Hotel,  
5 located one-block away, paid \$16.55 per square foot; and,

6 WHEREAS, A number of fair tax advocates have proposed creating a "split-roll" tax  
7 that would preserve Proposition 13's limit on reassessment of residential property while  
8 creating a separate tax roll for commercial property that would be reassessed at fair market  
9 value; and,

10 WHEREAS, Fair-tax advocates are currently debating several models for equitable  
11 reform to California's property tax model including a split-roll tax that would reassess  
12 commercial property to fair market value, a split-rate tax that would provide a separate tax  
13 rate for commercial property, and a split-CCPI (California Consumer Price Index) rate that  
14 would increase the cap on the inflation rate for commercial property above its current 2%  
15 ceiling; and,

16 WHEREAS, In 2003, the Board of Equalization estimated that a split-roll tax as  
17 proposed by Assemblywoman Loni Hancock in ACA16 would generate \$3 billion in revenue  
18 per year; and,

19 WHEREAS, On May 7, 2009, the Board of Equalization issued a report stating that  
20 statewide commercial properties are assessed at 58% of fair market value and San Francisco  
21 commercial properties are assessed at 49% of fair market value; and

22 WHEREAS, The state legislature can modify the definition of "change of ownership" of  
23 commercial property to generate new revenue before the next election; and,

24 WHEREAS, Progressive representatives in the state legislature have attempted to  
25 implement a split-roll tax and to modify the definition of "change of ownership," but they have

1 been repeatedly thwarted by either a gubernatorial veto or the lack of a two-thirds majority  
2 vote of the legislature; and

3 WHEREAS, California's catastrophic budget deficit demands immediate action by the  
4 people of California and the state legislature to find new revenues to balance proposed  
5 budget cuts; now, therefore, be it

6 RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
7 supports the creation of an equitable split-roll property tax; and, be it

8 FURTHER RESOLVED, That the Board of Supervisors supports the fair-tax advocates  
9 who are evaluating the split-roll tax, split-rate tax, and split-CCPI rate models and urges them  
10 to develop a proposal for a viable and equitable property tax; and be it

11 FURTHER RESOLVED, That the Board of Supervisors urges our representatives in  
12 the state Senate and Assembly to continue to work to modify California Revenue and  
13 Taxation Code Section 64 subsection (c) to define that a "change of ownership" of a property  
14 owned by a business shall occur when a cumulative transfer of more than 50% of the  
15 ownership of a corporation occurs.



# City and County of San Francisco

City Hall  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102-4689

## Tails

### Resolution

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**File Number:** 090751

**Date Passed:**

Resolution supporting a constitutional amendment to implement an equitable split-roll property tax and urging San Francisco's representatives in the California Senate and Assembly to continue to work to modify the definition of a "change of ownership" for commercial property.

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June 9, 2009 Board of Supervisors — CONTINUED

Ayes: 11 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Elsbernd, Mar, Maxwell, Mirkarimi

June 16, 2009 Board of Supervisors — AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE

Ayes: 10 - Alioto-Pier, Avalos, Campos, Chiu, Chu, Daly, Dufty, Mar, Maxwell, Mirkarimi  
Excused: 1 - Elsbernd

June 16, 2009 Board of Supervisors — ADOPTED AS AMENDED

Ayes: 9 - Avalos, Campos, Chiu, Chu, Daly, Dufty, Mar, Maxwell, Mirkarimi  
Noes: 1 - Alioto-Pier  
Excused: 1 - Elsbernd

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I hereby certify that the foregoing Resolution was **ADOPTED AS AMENDED** on June 16, 2009 by the Board of Supervisors of the City and County of San Francisco.



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Angela Calvillo  
Clerk of the Board

6-26-09

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**Date Approved**

UNSIGNED

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Mayor Gavin Newsom

Date: June 26, 2009

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter.



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Clerk of the Board

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