

1 [Supporting the California Schools and Local Communities Funding Act - Reaffirming Support
2 for a Split-Roll Reform of Proposition 13]

3 **Resolution supporting the California Schools and Local Communities Funding Act and**
4 **reaffirming the Board of Supervisors support for a split-roll reform of Proposition 13 in**
5 **order to close the commercial property tax loophole and restore billions in revenue.**
6

7 WHEREAS, Since the passage of Proposition 13 in 1978, cities and counties have
8 faced significant limitations in their main source of funding, the property tax; and

9 WHEREAS, While the intent of Proposition 13 is to help homeowners, loopholes in the
10 system have permitted major commercial and industrial properties to avoid reassessment, a
11 windfall to commercial property owners at the expense of vital public services; and

12 WHEREAS, The property tax has shifted away from commercial property and toward
13 residential property throughout the state and in virtually every county; and

14 WHEREAS, City and county finances have long been stressed while the state has
15 failed in its intention to improve local finances; and

16 WHEREAS, The property tax is one of the few discretionary sources of revenue for
17 cities and counties; and

18 WHEREAS, Estimates by academic researchers at University of Southern California
19 (“USC”) have identified that reassessing commercial property will bring \$11.4 billion in annual
20 property tax revenue to cities, counties, special districts, and schools; and

21 WHEREAS, This estimate includes \$835,000,000 in annual revenue for the City and
22 County of San Francisco alone; and

23 WHEREAS, USC has identified that nearly 80% of the revenue will come from just 8%
24 of large properties, owned by corporations and wealthy investors, many of them out-of-state;
25 and

1 WHEREAS, USC research shows that a majority of commercial owners already pay
2 close to market value, making the current system inequitable among businesses, benefitting
3 large property owners, who have held land for a long period; and

4 WHEREAS, The current failure to close the commercial property tax loophole has led
5 to poor land use, inflated land values, and urban blight; and

6 WHEREAS, The San Francisco Board of Supervisors unanimously passed a resolution
7 on June 3, 2014, in support of closing the commercial property tax loophole by regularly
8 reassessing commercial properties at fair market value; and

9 WHEREAS, Signatures are currently being gathered for the Schools and Local
10 Communities Funding Act (“the Act”), which is expected to be on the ballot in 2020; and

11 WHEREAS, Allocation of revenues to cities, counties, and special districts will follow
12 current property tax allocation; and

13 WHEREAS, The Act will provide billions in locally-controlled property tax funding yearly
14 for cities, counties, and special districts; and

15 WHEREAS, The Act contains provisions to benefit small businesses, and levels the
16 playing field among businesses; and

17 WHEREAS, The Act will improve land use, infrastructure, public safety, housing, parks,
18 libraries, health and human services, and the environment; now, therefore, be it

19 RESOLVED, That the Board of Supervisors reaffirms its support for a split-roll reform of
20 Proposition 13 in order to close the commercial property tax loophole; and, be it

21 FURTHER RESOLVED, That the City and County of San Francisco go on record in
22 support of the California Schools and Local Communities Funding Act; and, be it

23 FURTHER RESOLVED, That the City and County of San Francisco urges other
24 municipalities to support the California Schools and Local Communities Funding Act.
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