

1 [Supporting California State Senate Constitutional Amendment 5 (Mitchell, Hancock) -  
2 Property Tax Fairness Amendment]

3 **Resolution supporting California State Senate Constitutional Amendment 5, authored**  
4 **by Senators Holly Mitchell and Loni Hancock, the Property Tax Fairness amendment,**  
5 **making California's property tax code fair by assessing commercial and industrial**  
6 **properties at their market value, after a phase-in period.**

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8 WHEREAS, Voters in the state of California approved Proposition 13 in 1978; and

9 WHEREAS, Proposition 13 created limits on the property taxes paid by both residential  
10 and commercial properties; and

11 WHEREAS, Residential and commercial property values in California are reassessed  
12 upon change of ownership; and

13 WHEREAS, On average, California residential property changes hands frequently  
14 while change of ownership for commercial property is far more complicated and therefore  
15 generates reassessments less often; and

16 WHEREAS, Commercial property owners are able to avoid reassessment of their  
17 property by limiting the portion of ownership that changes hands to ensure that no single party  
18 owns more than 50%; and

19 WHEREAS, Proposition 13 has shifted the tax burden away from commercial  
20 properties to residential properties; and

21 WHEREAS, In large part because of Proposition 13, California has been forced to rely  
22 on volatile revenue sources like income and sales taxes instead of stable property taxes; and

23 WHEREAS, The State of California continues to face chronic budget crises because of  
24 a budget that moves in tandem with economic cycles, causing deficits and requiring cuts to  
25 vital services; and

1 WHEREAS, Proposition 13 is anti-competitive in that new entrepreneurs and  
2 businesses must pay fair market value for their property, while commercial property owners  
3 who have owned their property for a longer time pay disproportionately lower property tax  
4 rates; and

5 WHEREAS, Regularly reassessing Commercial and Industrial property would,  
6 according to an analysis of data by researchers at USC Program for Environmental and  
7 Regional Equity, generate \$9,000,000,000 in additional revenue for public schools and other  
8 public services by 2019-2020, and \$692,000,000 for San Francisco County alone while  
9 protecting home owners and renters; now, therefore, be it

10 RESOLVED, That the San Francisco Board of Supervisors supports SCA 5 (Mitchell,  
11 Hancock) currently in the State Legislature, that will establish the regular and fair  
12 reassessment of commercial and industrial property to market value while protecting small  
13 businesses and maintaining Proposition 13 protections for residential properties including  
14 homeowners and renters; and, be it

15 FURTHER RESOLVED, That tax revenues generated by modernizing how commercial  
16 property is reassessed benefit essential public services and local schools; and, be it

17 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San  
18 Francisco directs the Clerk of the Board to communicate this resolution to California State  
19 legislators, urging them to support California Senate Constitutional Amendment 5.  
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