



## Californians Are Faced With Billions More in New Taxes

Voters have rejected higher property taxes time and again, but the spending lobby in Sacramento keeps trying to raise these taxes to fund even more wasteful spending. Proponents claim that proposals for property tax increases will help solve our budget problems, but let's look at the reality:

***Property tax increases will only hurt California's small businesses, workers, consumers, seniors and taxpayers and further damage our state's struggling economy. We don't need more new taxes on top of the \$8 billion per year in new sales, income and vehicle taxes that we've been paying since 2009, especially new taxes that will hurt small business, kill jobs and damage our economic recovery.***

### Billions in new taxes:

- The tax increase proposal in question, known as a "split roll," would increase property taxes – including those on local shopping centers, family-owned businesses, apartment buildings, medical buildings and more – by removing, or "splitting" business property taxes from Proposition 13 protections. Prop. 13 was passed by voters in 1978 to curb rapidly increasing property taxes. At that time, some property owners faced a 50% to 100% tax increase in just one year!
- Under this proposal, business property could be reassessed regularly – even when there has not been a change in control.
- The non-partisan state legislative analyst estimated that a 2005 attempt to raise property taxes would have cost Californians \$3.5 billion *each year*. And, supporters of property tax increases say it will cost businesses \$7.5 billion per year!
- Voters understand the negative impacts of billions in new taxes and have continually rejected property tax increase proposals.

### Small businesses will be hurt:

- Small businesses will likely be the first to feel the pinch of these tax increases. As property taxes rise by billions a year, these costs will be passed on in the form of higher rents for tenants – including small local businesses like gas stations, dry cleaners, coffee shops, family-owned restaurants, and auto repair shops, to name a few.
- Already cash-strapped small businesses will have to pass on their costs to consumers, lay off workers, or shut their doors completely.

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- Health care facilities like some hospitals, clinics and dentist offices that typically rent office space will also see their costs increase.

### **Minority, women and Hispanic-owned business will be most vulnerable:**

- A 2009 study found that because minority, women and Hispanic-owned businesses operate on thinner margins than other firms, these companies will be least able to afford increased rents due to an increase in business property taxes.

### **Agriculture would be further stressed:**

- California growers, farms, dairies and ranches who are already struggling due to the economy and water crisis would be further stressed by huge tax increases on their structures – such as barns used for farm equipment, produce processing and storage facilities, dairy facilities, and winemaking operations.
- Even fallow and unused lands could be taxed at a higher rate, as was proposed in a 2005 property tax increase proposal. Talk about adding insult to injury!

### **More jobs will be lost:**

- According to a recent study by the former state legislative analyst, increasing property taxes on business by even 1 percent will lead to the loss of 43,000 additional jobs.

### **Consumers will pay:**

- The billions in new costs due to property tax increases will be passed on to consumers through even higher prices for goods and services, including food and gas.

### **Senior citizens will pay:**

- Senior citizens and others on a fixed income will bear the brunt of the effect of higher property taxes as they struggle to pay for a variety of products including gas, groceries and neighborhood services.

### **Renters will pay:**

- Rental and lease costs will increase dramatically as taxes on apartment buildings and rental homes rise.

### **More harm than good:**

- Business properties already account for nearly 60 percent of property taxes. This is in addition to the other taxes that property owners must pay, including taxes on payroll, equipment and income. Adding to the tax burden of businesses that keep our state moving in the right direction will only make our economy worse, and will aid other states like Nevada and Arizona that seek to lure California's best companies into their much more business-friendly environments. We can't afford to damage our economy and lose jobs, especially during economic downturns like the one we are facing now.

- Increasing business property taxes chips away at Proposition 13, which has protected California property owners from skyrocketing taxes for over 30 years!

### **Encourages more wasteful spending:**

- State spending is out of control, growing \$30 billion from 1998 to 2008. California should end wasteful spending habits before asking taxpayers for more of our hard-earned dollars.

### **California business properties already pay their fair share:**

- Contrary to what the spending lobby wants Californians to believe, California business property owners do pay their fair share in taxes. In fact, in 2008-09 alone, tax assessments on business properties were \$827 billion higher than those of homeowner properties.

Encouraging a vibrant economy and creating jobs will get us out of our budget mess and will help ensure funding for critical programs. More taxes will only stall our recovery!

To learn more about the impacts of higher property taxes on Californians and how you can help stop them, please visit [www.stophigherpropertytaxes.com](http://www.stophigherpropertytaxes.com) or call Californians Against Higher Property Taxes at 916-498-8322.