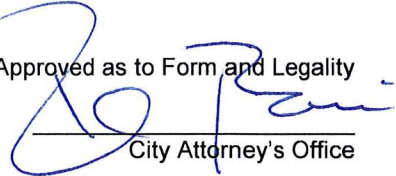


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Approved as to Form and Legality  
  
City Attorney's Office

## OAKLAND CITY COUNCIL

Resolution No. 85666 C.M.S.

INTRODUCED BY COUNCIL MEMBERS KALB, GIBSON MCELHANEY, & KAPLAN

### RESOLUTION IN SUPPORT OF SENATE CONSTITUTIONAL AMENDMENT 5 (HANCOCK AND MITCHELL) TO CLOSE PROPOSITION 13'S COMMERCIAL PROPERTY TAX LOOPHOLE

**WHEREAS**, voters in the state of California approved Proposition 13 in 1978; and

**WHEREAS**, Proposition 13 created limits on the property taxes paid by residential and commercial property owners; and

**WHEREAS**, residential and commercial property values in California are reassessed upon change of ownership; and

**WHEREAS**, on average, California residential property changes hands relatively frequently while change of ownership for commercial property is far more complicated and therefore generates reassessments much less often; and

**WHEREAS**, commercial property owners are able to avoid reassessment of their property by limiting the portion of ownership that changes hands at any one time to ensure that no single party owns more than 50 percent; and

**WHEREAS**, over the past 35 years, Proposition 13 has shifted the proportionate tax burden away from commercial properties to residential properties; and

**WHEREAS**, Proposition 13 effectively creates a condition that allows larger corporations the ability to benefit from city, county and state services, but does not require them to pay their fair share of property taxes, thereby putting a disproportionate burden on residential property owners; and

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

**WHEREAS**, California continues to face chronic budget crises because revenue sources are disproportionately tied to economic cycles, causing deficits and requiring cuts to vital services; and

**WHEREAS**, the budget crises in California have been particularly detrimental for education funding, including negatively impacting the Oakland Unified School District and public institutions through the state; and

**WHEREAS**, Proposition 13 in effect has become anti-competitive in that new entrepreneurs and businesses must pay fair market value for their property, while commercial property owners who have owned their property for a longer time pay disproportionately lower property tax rates; and

**WHEREAS**, regularly reassessing non-residential property would, according to an analysis of data by researchers at the USC Program for Environmental and Regional Equity, generate

approximately \$9 billion in additional revenue for public schools and other public services by 2019-20, and shift a sizeable portion of the tax burden from homeowners, renters, and working families back to corporations and commercial landholders; and

**WHEREAS**, Senate Constitutional Amendment (SCA) 5, the Property Tax Fairness Amendment, introduced by Senators Loni Hancock and Holly Mitchell, would establish the regular and fair reassessment of commercial and industrial property to market value while protecting farmers and small businesses and maintaining Proposition 13 protections for residential properties; now therefore be it

**RESOLVED:** That the Oakland City Council hereby supports SCA 5 and its placement by the California Legislature before the voters on the November 2016 general election ballot.

IN COUNCIL, OAKLAND, CALIFORNIA,

JUN 17, 2015

PASSED BY THE FOLLOWING VOTE:

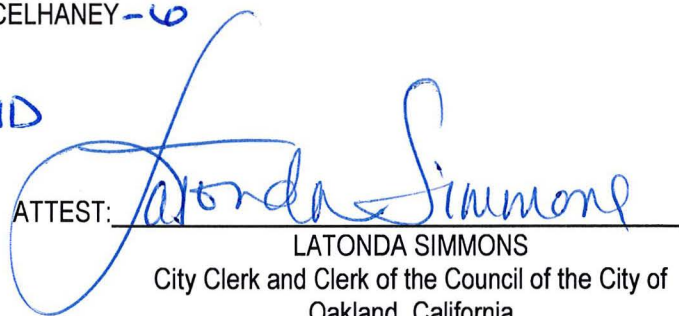
AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, ~~KAPLAN, REID~~, AND PRESIDENT GIBSON MCELHANEY - 6

NOES - 0

ABSENT - 2 Kaplan, Reid

ABSTENTION - 0

ATTEST:



LATONDA SIMMONS  
City Clerk and Clerk of the Council of the City of  
Oakland, California