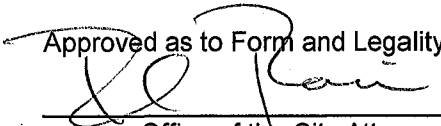


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Approved as to Form and Legality  
  
Office of the City Attorney

## OAKLAND CITY COUNCIL

### Resolution No. 87114 C.M.S.

INTRODUCED BY MAYOR LIBBY SCHAAF, COUNCIL PRESIDENT REID,  
COUNCILMEMBER GUILLEN, COUNCILMEMBER GIBSON McELHANEY AND  
COUNCILMEMBER KALB

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RESOLUTION (1) SUPPORTING THE CALIFORNIA SCHOOLS AND LOCAL COMMUNITIES FUNDING ACT OF 2018 ("THE INITIATIVE") ON THE NOVEMBER, 2018, BALLOT, WHICH WILL AMEND THE STATE CONSTITUTION TO CLOSE A CORPORATE TAX LOOPHOLE BY REASSESSING COMMERCIAL AND INDUSTRIAL REAL PROPERTY ON A ONE TO THREE YEAR BASIS BASED ON FAIR MARKET VALUE; AND (2) ENCOURAGING OTHER JURISDICTIONS IN THE REGION TO TAKE SUPPORT POSITIONS ON THE INITIATIVE

**WHEREAS**, Californians approved Proposition 13 in an election in June, 1978, which marked a turning point away from public investment in education, infrastructure and social services; and

**WHEREAS**, Proposition 13 rolled back assessed property values to their estimated market value in 1975 and limited annual increases to no more than 2% as long as the property wasn't sold, it capped the property tax rate at 1% of the assessed value for city, county, school and other local governments, draining local revenue, and it mandated that any increase in state taxes would require a two-thirds vote in the Legislature and that any increase in designated or special purpose taxes would require two-thirds voter approval; and

**WHEREAS**, local property tax revenues quickly declined by about 60% after Proposition 13 took effect and California, which ranked in the top ten states in per pupil spending in the 1960s, had dropped to ranking as 46th in per pupil spending by 2014; and

**WHEREAS**, the sentiment which led to the passage of Proposition 13 was that older Californians should not be priced out of their homes due to their inability to pay property taxes, but Proposition 13 also provided an enormous tax benefit to big businesses and corporations; and

**WHEREAS**, a commercial loophole in the California tax system is the driver of a significant loss in tax revenue and can be corrected by reassessing commercial and industrial real property on a regular basis; and

**WHEREAS**, a very small number of properties owned by the largest corporations and wealthy investors benefit most from this loophole, and almost 80% of the tax avoidance comes from only about 8% of the properties worth \$5 million or more; and

**WHEREAS**, the “California Schools and Local Communities Funding Act of 2018” (the “initiative”) will amend the California Constitution to close this corporate tax loophole by reassessing commercial and industrial real property on a one to three year basis based on fair market value; and

**WHEREAS**, the initiative will exempt businesses with 50 or fewer employees from the reassessment and businesses where the owner-operator operates a business on a majority of the real property, if the fair market value of that property is less than \$2,000,000; and

**WHEREAS**, the initiative will not change the law related to residential properties; and

**WHEREAS**, USC’s 2017 research estimates that commercial and industrial properties in California, when reassessed to current values, will generate an estimated \$11.4 billion annually in new revenues; and

**WHEREAS**, roughly 45% of the revenues will support California’s public schools and community colleges, with the balance directed to counties, cities and special districts; and

**WHEREAS**, a projection (based on new statewide revenues of \$9.1 billion related to 2015 real estate values) estimated the Alameda County share at \$192 million annually, with \$24.6 million estimated for the City of Oakland; and

**WHEREAS**, the initiative has been endorsed by Senator Nancy Skinner, Senator Scott Weiner, Senator Holly Mitchell and Assemblymember Rob Bonta; now, therefore, be it

**RESOLVED:** That the Oakland City Council supports the passage of “The California Schools and Local Communities Funding Act of 2018”; and be it

**FURTHER RESOLVED:** That the Oakland City Council encourages other jurisdictions in the region to also support "The California Schools and Local Communities Funding Act of 2018."

IN COUNCIL, OAKLAND, CALIFORNIA, - MAR 20 2018

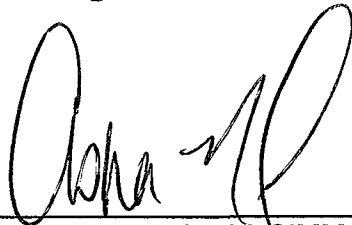
**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GIBSON MCELHANEY, GUILLÉN, KALB, KAPLAN AND PRESIDENT REID - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

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