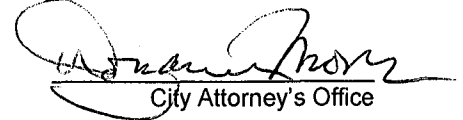


FILED
OFFICE OF THE CITY CLERK
OAKLAND

19 FEB 21 AM 11:46

Approved as to Form and Legality


City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. 87612 = C.M.S.

INTRODUCED BY COUNCILMEMBER NIKKI FORTUNATO BAS

RESOLUTION (1) SUPPORTING THE CALIFORNIA SCHOOLS AND LOCAL COMMUNITIES FUNDING ACT OF 2020, A PROPOSED INITIATIVE FOR THE NOVEMBER 2020 BALLOT THAT 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 A FAIR MARKET VALUE; (2) ENCOURAGING OTHER JURISDICTIONS IN THE REGION TO TAKE SUPPORT POSITIONS ON THE INITIATIVE; AND (3) COMMITTING THE CITY OF OAKLAND TO WORK IN COLLABORATION WITH THE OAKLAND UNIFIED SCHOOL DISTRICT, ALAMEDA COUNTY AND STATE OF CALIFORNIA TO MAXIMIZE RESOURCES FOR OAKLAND PUBLIC SCHOOLS

WHEREAS, The passage of Proposition 13 in California in 1978 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 to help some homeowners, but Proposition 13 also permitted major commercial and industrial properties to avoid reassessment, providing an enormous tax benefit to big businesses and corporations at the expense of vital funding for education, infrastructure and social services; 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 2020" (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, estimates by academic researchers at the University of Southern California (USC) in 2017 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, USC research further shows that a majority of commercial owners already pay close to market value, making the current system inequitable among businesses, benefitting large owners who have held land for a long period; 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 will also provide billions of dollars of funding yearly for cities, counties and special districts in locally-controlled revenues for parks, public safety, housing, infrastructure, health and human services, libraries and the environment; and

WHEREAS, the initiative will improve land use, provide tax relief to small businesses, and level the playing field among businesses; and

WHEREAS, the initiative has been endorsed by the Board of Education of the Oakland Unified School District; now, therefore, be it

RESOLVED: That the Oakland City Council supports the passage of "The California Schools and Local Communities Funding Act of 2020"; 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 2020"; and be it

FURTHER RESOLVED: That the City of Oakland shall work collaboratively with the Oakland Unified School District, Alameda County, and the State of California to maximize resources for Oakland public schools.

IN COUNCIL, OAKLAND, CALIFORNIA,

APR 16 2019

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, ~~ABRAHAM~~, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN *-7*

NOES - *0*

ABSENT - *0*

ABSTENTION - *0*

Excused - McElhenny

ATTEST:

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