

Board of Trustees  
Pacifica School District  
County of San Mateo, State of California

Close the Commercial Property Loophole  
Resolution No. 2016-03-02-B

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 properties; and

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

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

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

WHEREAS, prior to 1978, property taxes represented the single largest source of funding for public schools; and

WHEREAS, Proposition 13 resulted in an over 50% percent drop in property tax collections and since its passage, the state has assumed a greater role in funding of schools; and

WHEREAS, since the State of California has assumed a greater role in the funding of public schools, per-pupil support has declined from the top 10 in the nation to the bottom 10; and

WHEREAS, Proposition 13 is 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 taxes;

WHEREAS, public schools in California face challenges in providing an equitable and fair education for a student population with vast differences in language, poverty, parental education level, and other social, educational, and economic factors; and

WHEREAS, regularly reassessing non-residential commercial property would, according to an analysis of data by researchers at USC Program for Environmental and Regional Equity, generate \$9 billion in additional revenue for public schools and other public services by 2019-20; therefore

BE IT RESOLVED, that the Pacifica School District supports SCA 5 (Hancock, Mitchell) currently in the State Legislature, that will establish the regular and fair reassessment of commercial and industrial property to market value while protecting small businesses and maintaining Proposition 13 protections for residential properties including homeowners and renters; and

BE IT FURTHER RESOLVED, that tax revenues generated by modernizing how commercial property is reassessed benefit local schools and essential social services; and

BE IT FURTHER RESOLVED, that accountability measures be enacted so new funds are spent appropriately; and

BE IT FURTHER RESOLVED, that the Pacifica School District will communicate this position in a letter to the State Senate Governance and Finance Committee, to local elected officials including members of the San Mateo County Board of Supervisors, the Pacifica City Council, as well as Senator Jerry Hill, and Assembly-member Kevin Mullin.

AYES, and in favor of, Board Members:

NOES, Board Members:

ABSENT, Board Members:

By: \_\_\_\_\_  
Clerk of the Board of Trustees