

ATTACHMENT

RESOLUTION NO. 2020-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, OPPOSING PROPOSITION 15, KNOWN AS THE TAX ON COMMERCIAL AND INDUSTRIAL PROPERTIES FOR EDUCATION AND LOCAL GOVERNMENT FUNDING INITIATIVE, FOR CONSIDERATION ON THE NOVEMBER 3, 2020 BALLOT

WHEREAS, On June 6, 1978, Proposition 13, officially titled the “People’s Initiative to Limit Property Taxation,” was approved by California’s voters, fixing property tax rates on homes, businesses and farms at 1% of their assessed value, which value can only be increased by a maximum of 2% per year absent a reassessment event occurring; and

WHEREAS, On the same ballot, voters rejected Proposition 8, which proposed a “split-roll” property tax that would have allowed the Assessor’s Office to assess property taxes based on the type of property owned; and

WHEREAS, Prior to Proposition 13, rising inflation and subjective property assessments led to an inequitable property tax system; and

WHEREAS, Proposition 13 provides certainty for taxpayers with respect to their property tax liability, eliminating the unpredictable year-to-year changes that occurred under the system it replaced; and

WHEREAS, Proposition 13 provides a stable revenue source for the government, in contrast to other tax revenues, which California heavily relies upon for revenue; and

WHEREAS, Proposition 13 provides businesses a more stable business climate in the state; and

WHEREAS, Property tax revenue in the state of California grew following the passage of Proposition 13, with the 2019-20 assessors’ rolls reporting taxable property value of \$6.6 trillion in the state, suggesting property tax revenue of at least \$72.5 billion; and

WHEREAS, Assessed values increase under Proposition 13 due to changes in ownership, new construction, and an annual adjustment for inflation that is limited to 2% per year to protect property owners while still providing additional revenue for local governments; and

WHEREAS, Homeowners have been the biggest beneficiaries of Proposition 13, as their cumulative share of the total property tax burden decreased more than 5% since its passage, from 41.84% in 1979-80 down to 36.65% in 2016-17; and

WHEREAS, Proposed alternatives to Proposition 13 that would increase property taxes on California businesses could harm the ability of employers to hire or retain California employees and lead to more businesses and jobs leaving the state; and

WHEREAS, Proposed alternatives to Proposition 13 could negatively affect commercial and industrial renters, who would see their rents increase as commercial and industrial landlords experience higher operating costs and pass these costs down to their tenants; and

WHEREAS, Proponents of the “Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative,” which qualified for the November 2020 ballot, seek to remove taxpayer protections provided by Proposition 13 by requiring specific types of property owners to pay higher property taxes than all other property owners and introducing a “split roll”; and

WHEREAS, The County Assessors’ Association found that the “split-roll” initiative could result in a net loss of revenue for some counties due to the cost of newly created exemptions for select property owners; and

WHEREAS, Assessors report that the “split-roll” initiative would be difficult to implement given unavailability of data needed to administer the proposed exemptions, unavailability of qualified candidates to fill the approximately 900 new government positions that would be needed, and the limited timeframe set by the initiative; and

WHEREAS, Since the passage of Proposition 13, voters have rejected changes that would cause businesses to pay property taxes at a higher rate than those imposed upon residential owners, as evidenced by the defeat of Proposition 167 in 1992; and

WHEREAS, the City Council of the City of Lake Forest adopted a 2020 Legislative Platform on January 7, 2020; and

WHEREAS, the City’s adopted 2020 Legislative Platform includes the following provision: “The City opposes legislation or ballot initiatives that would alter the legislative intent of Proposition 13, including a split real-property tax roll that would affect commercial property and any amendment that would affect residential property.”

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA DOES HEREBY RESOLVE, AS FOLLOWS:

SECTION 1. Recitals. The foregoing recitals are hereby incorporated by reference.

SECTION 2. CEQA. The City Council finds this Resolution is not subject to the California Environmental Quality Act (CEQA) because it is not a “project,” as defined in Title 14, California Code of Regulations, Section 15378. Specifically, the Resolution does not have the potential to have either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, because it merely states a position on a statewide ballot initiative.

SECTION 3. Actions. In recognition of the benefits that Proposition 13 provides for all property owners, California’s economy and the residents of this community, the City Council of the City of Lake Forest, California opposes Proposition 15, proposing a split-roll property tax increase, on the November 3, 2020 ballot, and reaffirms its support for Proposition 13 for all property owners.

SECTION 4. Severability. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Resolution for any reason is held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Resolution. The City Council hereby declares that it would have adopted this Resolution, and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 5. Effective Date. This Resolution shall become effective upon the date of its adoption.

[Signatures on following page]

SIGNATURE PAGE TO RESOLUTION NO. 2020-_____

PASSED, APPROVED AND ADOPTED this ____ day of September 2020.

NEEKI MOATAZEDI
MAYOR

ATTEST:

LISA BERGLUND
ACTING CITY CLERK

APPROVED AS TO FORM:

MATTHEW E. RICHARDSON
CITY ATTORNEY

State of California)
County of Orange) SS
City of Lake Forest)

I, LISA BERGLUND, Acting City Clerk of the City of Lake Forest, California do hereby certify that the foregoing Resolution No. 2020-_____ was duly passed and adopted by the City Council at a regular meeting thereof, held on the ____ day of _____, 2020, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

LISA BERGLUND
ACTING CITY CLERK