



CITY COUNCIL AGENDA REPORT

MEETING DATE: 9/1/2020

DEPARTMENT: City Manager

SUBJECT:

RESOLUTION OPPOSING PROPOSITION 15 ON THE NOVEMBER 3, 2020
BALLOT

RECOMMENDED ACTION(S):

Adopt a resolution entitled: "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."

EXECUTIVE SUMMARY:

At its meeting of August 18, 2020, Council Member Voigts obtained consensus to consider a resolution that states the City's opposition to Proposition 15.

California voters will consider Proposition 15, known as the Tax on Commercial and Industrial Properties for Education and Local Government Funding Initiative, in the upcoming election. Proposition 15 would amend the California State Constitution to require commercial and industrial properties (with some exceptions) to be taxed on market value as opposed to purchase price. The proposal to assess taxes on these properties based on market value while assessing taxes on residential properties based on purchase price would create a "split roll" within the County Assessor's Office. A tax roll is an official record of property subject to property tax within a specific jurisdiction. Should Proposition 15 pass, the County's tax roll would be split, as one set of properties will be assessed using different standards than another set.

This initiative is anticipated to generate between \$8 billion and \$12.5 billion in tax revenue annually. However, Proposition 15 opponents argue that this measure removes protections for commercial and industrial property owners set in place by Proposition 13, thereby removing some historical incentive for businesses to locate in California. Additionally, opponents state that California businesses are suffering as a result of the COVID-19 pandemic and increased property tax will place added burdens on these businesses, further affecting the state's economy. The Orange County Taxpayers Association claims that Proposition 15 has the

potential to cause fewer jobs and reduce wages, increase the prices of goods and services, and increase the cost to do business in the state.

The City Council's adopted 2020 Legislative Platform includes the following language: "The City opposes legislation or ballot initiatives that would alter the legislative intent of Proposition 13, including a split real-property tax toll that would affect commercial property and any amendment that would affect residential property." Therefore, a resolution expressing opposition to Proposition 15 is within the purview of the City's Legislative Program.

FISCAL IMPACT:

There is no fiscal impact associated with the recommended action.

ATTACHMENTS:

Resolution No. 2020-XX

Submitted By: Nicole Miller McDaniel, Management Analyst

Approved By: Debra Rose, City Manager