WELCOME TO THE WEBINAR

The Potential Impacts of Prop 15 on Industrial and Commercial Properties in Silicon Valley

Speakers:

Edesa Bitbadal
Larry Stone
Tino Rossi
2020 THEME

IFMA SV
BRIDGING THE GAP TO THE FUTURE OF FM
Wednesday Oct. 28th  Chapter Meeting
    Location: ZOOM Meeting

Wednesday Nov. 11th  FMRT/DDB
    Location: ZOOM Webinar

Wednesday Dec. 9th  Holiday Party: Game Night
    Location: ZOOM Meeting

REGISTER ONLINE AT WWW.IFMASV.ORG
Happy Hour Meeting
Tomorrow @ 5pm!
Register Online!

Thursday 10/15/2020
5:00pm - 6:00pm

Please join us for a social hour, we miss you! We will be hosting a standing Happy Hour meeting on the 2nd Thursday of the month until we can meet again in person!

We'll use zoom to break out into several small groups so you can meet, toast, share perspectives, and enjoy each other's company.

CLICK HERE TO REGISTER!
HOLIDAY PARTY

IFMA SILICON VALLEY HOLIDAY
GAME NIGHT

Join us for a holiday celebration of family fun. We will be hosting a game night with different rooms of games and activities!

Toy Drive!
Games!

DECEMBER 9th, 2020
4pm-6pm
Zoom

Raffle Prizes!
The Potential Impacts of Prop 15 on Industrial and Commercial Properties in Silicon Valley

Speakers:

Edesa Bitbadal
Founding Principal of Elevate Now Consulting, LLC

Larry Stone
County Assessor

Tino Rossi
Meridian Pacific, Inc.
PROP. 15: “Split Roll Initiative”

November 2020 Ballot
A Fix for Prop 13?
PROP. 15 IS SERIOUSLY FLAWED – POORLY WRITTEN

Strong opponent of Prop. 13 – it was 1 of 2 worst things in CA

Significant inequities between assessed value of Commercial vs. Residential properties

Impossible for California Assessors to implement – it would create chaos

Problem is not with intent
A few of the many problems ..... 

- Implementation would be impossible
- Revenue is only useful if it can be generated
- Proponents say it will exclude small businesses from reassessment – most don’t own property
- Measure would “crush” thousand of California small businesses
- Voters aren’t going to add an additional financial burden on small businesses
WHAT IS THE COST & TIME?

- Money will come from Legislature; predicted annual cost of $500M
- SCC Costs: $7M upfront; $22M annually
- Would need to double my appraisal staff ~ 50 new employees
- Takes 5 years to train entry-level appraisers; Measure only gives Assessors 18 mos.
ASSESSMENT APPEALS WILL SKYROCKET

- Every Commercial property would file appeal prior to 2008
- 2,100 appeals/yr. could go up to 25,000 appeals/yr.
- Increasing backlogs, jeopardizing existing revenue sources
ALTERNATIVE SOLUTION: SPLIT TAX RATE

Current
- 1% X Assessed Value

Split Rate
- 1.2%, 1.5%? X Assessed Value
Conclusion

Prop. 15 is a mess and seriously flawed

$12B in new revenue is promised, but not real

Increases cynicism public has toward government
Thank you for listening!
Stop Higher Property Taxes and Save Prop 13

No on Prop 15 – Stop the $11.5 billion property tax hike on the November 3, 2020 statewide ballot

Ad paid for by No on Prop 15 - Stop Higher Property Taxes and Save Prop 13 - a coalition of California homeowners, taxpayers, and businesses

Committee major funding from
California Business Roundtable
California Business Properties Association
California Taxpayers Association
Funding details at www.fppc.ca.gov
Background: Proposition 13 (1978)
Prop 13 Has Helped All Californians for More Than 40 Years

• Under Prop 13:
  – Property taxes for both residential and business properties are calculated based on 1% of their purchase price;
  – Annual increases in property taxes are capped at 2% per year, which limits increases in property taxes, especially when property values rise quickly.

• Prop 13 provides certainty to homeowners, renters, farmers and businesses that they will be able to afford their property tax bills in the future.
The Threat: Prop 15
An $11.5 Billion-A-Year Property Tax Hike
Prop 15 Repeals Long-Standing Prop 13 Protections

• Special interests are pushing Prop 15 on the November 2020 statewide ballot that will destroy Prop 13’s property tax protections and will be the largest property tax increase in California history.

• Prop 15 will raise taxes on commercial and industrial property by requiring reassessment at current market value at least every three years.

• This type of property tax is known as a “split-roll tax” because it splits the property tax roll, assessing business property differently than residential property.
Hurts Small Businesses Already Struggling From The Recession

• Prop 15 will make it even more difficult for small businesses to reopen their doors or stay in business during this economic crisis.

• A study by the National Federation of Independent Business found that only 22% of small businesses own their own property and the remainder rent.

• Most small businesses rent the property on which they operate and have a “triple net lease” where they are responsible for:
  – Property taxes
  – Insurance
  – Maintenance costs

• Many small businesses will be forced to close their doors or leave the state, and an estimated 120,000 private-sector jobs will be lost.
Hurts Small Businesses

...Especially Female- and Minority-Owned Small Businesses

- Prop 15 will hurt female- and minority-owned businesses the most.
- According to the Harvard Business School, about 42% of new companies are founded by immigrants in California.
- The most recent 2012 Survey of Business Owners by the Census Bureau found that 5% of businesses in the state are owned by African Americans, and 38% of all non-publicly traded businesses were owned by females.
- Most of these businesses start small and stay small, meaning they often rent their property and are subject to higher rents when property taxes increase.
Hurts Farmers

• Current tax law defines “real property” as:
  1) Land
  2) Improvements
  3) Fixtures

• For farmers, this means real agricultural property includes not only the land, but also fixtures and improvements (e.g. barns, processing facilities, silos and even fruit trees and vineyards once they reach maturity).

• If Prop 15 passes, only agricultural land will be excluded from reassessment - not the improvements and fixtures needed to bring food from farm to fork.
Drives Up Everyone’s Cost of Living &
Makes Income Inequality Worse

• Prop 15’s tax hike on businesses will ultimately get passed on to consumers in the form of increased costs on just about *everything* people buy and use, including:
  – Groceries
  – Fuel
  – Day care
  – Health care
  – Utilities

• Prop 15 will make income inequality worse by driving up the cost of living for just about everything we need and use. Higher costs will hurt minority and low-income families the most. Given the economic hardship many Californians are facing, now is not the time to raise the cost of living.
Prop 15 Lacks Accountability

• Sacramento politicians can divert the new local government tax money for other purposes that benefit special interests, just like they have done with the gas tax.

How are the funds distributed?
1) About $1 billion in administrative costs and payments to the state are paid out first. Then the remaining...
2) About 60% goes to unspecified local government services*
3) About 40% goes to schools with no guarantee that the money makes it to the classroom*

*distribution will vary widely by county
Homeowners & Renters Are Under Attack

• If businesses lose their Prop 13 protections, homeowner will be next.

• Supporters of Prop 15 even admitted that this was the first step in a plan to end Prop 13 for everyone, which could mean skyrocketing property tax increases for all California homeowners every year.

• Prop 15 will make the housing crisis even worse by increasing the costs of owning and renting a home – it could even force people out of their homes, like what happened before the voters passed Prop 13 in 1978.
Coalition Building Strategy

**Social Justice:**
California State Conference of the NAACP
California State National Action Network
United Latinos Vote

**Cost of living:**
California Fuels and Convenience Alliance
California Grocers Association
California Rental Housing Association

**Agriculture:**
California Cattlemen's Associative
California Farm Bureau Federation
Western Growers Association

**Private Sector Unions:**
California State Council of Laborers
California Association of Sheet Metal and Air Conditioning Contractors
California Legislative Conference of the Plumbing, Heating and Piping Industry (CLC)

**Small Business:**
California Restaurants Association
California Retailers Association
California Small Business Association
National Federation of Independent Business and every regional chamber that has endorsed.

**Ethnic Chambers:**
California Black Chamber of Commerce
California Hispanic Chamber of Commerce
California Asian Pacific Islander Chamber of Commerce

**Taxpayer:**
California Taxpayers Association
Howard Jarvis Taxpayers Association
National Taxpayers Union

**Other:**
California Assessors’ Association
Rural County Representatives of California
Using the Right Messages

• If Prop 15 passes, **homeowners are next!**

• Now is not the time for the **largest property tax increase in state history!**

• Prop 15 **increases the cost of living** for all Californians!

• Prop 15 would **destroy our already struggling small businesses!**
Working With Urgency

- Fundraising, Fundraising & Fundraising
- Message Refinement and Voter Targeting
- Activating the Coalition into Voter Contact
- Continued Earned Media on Prop 15’s Flaws
- Voter Contact – TV, Radio, Digital, Direct Mail
  - California Farm Bureau Federation
  - Howard Jarvis Taxpayers Association
What Can You Do – Fundraising

1. Calculate annual cost to your company
2. Invest some percentage of annual cost
3. Help us reach other donors
What Can You Do?

1) Join the coalition at www.NOonProp15.org

2) Visit our Take Action page to learn how to get involved.

3) Make a donation to our campaign.
   – We accept online donations at www.NOonProp15.org/donation
Discussion
QUESTIONS?
Please type into the Q&A box!

Thank you!

**A recording of this webinar will be available on www.ifmasv.org shortly**
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