

Proposition 13: Property Retrofits and Taxes

March 21, 2010 Meeting of the Forum, Unitarian Universalist Church of Palo Alto
Led by Everett DePangher

Background

The Legislature has approved this proposal 37-0 in the Senate and 78-0 in the Assembly. However, because it amends the State Constitution, implementation requires our approval as well.¹

Proposal²

Various events trigger a reassessment of property value. Proposition 13 (which should not be confused with Proposition 13 in 1978, a famous but unrelated proposition that also pertained to property tax law) makes a narrow change to these triggers. Currently, when earthquake retrofitting occurs on a building that is (a) made of masonry (such as a brick structure) and (b) unreinforced³, that change would not trigger a property value reassessment for fifteen years. This proposal would eliminate that requirement so that such a retrofit with never trigger a reassessment.

LAO Score⁴

The Legislative Analyst's Office (LAO) is a state agency charged with making an official assessment of a proposition's potential impact on state and local governmental finances. The LAO predicts that Proposition 13 will have a minimal fiscal impact. This is partially due to its finding that counties do not always even track the fifteen year limit and also that within fifteen years, many properties are sold (which would trigger a reassessment anyway). Thus a change from a fifteen year limit to no limit would only infrequently make a substantive change to property tax revenue.

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¹ For the vote totals, see Secretary of State, "Votes Cast" (online, available: <<http://www.sos.ca.gov/elections/vig-public-display/060810-primary-election/prop-13/votes-cast-prop-13.pdf>>, 27 February, 2010).

² The following information is heavily based on the Legislative Analyst's Office (LAO) official analysis. See LAO, "Proposition 13" (18 February, 2010) (online, available: <http://lao.ca.gov/ballot/2010/13_06_2010.pdf>, 27 February, 2010).

³ For a discussion of the specific definitions of unreinforced masonry, see Association of Bay Area Governments (ABAG), "ABAG Shaken Awake! Report - Unreinforced Masonry Buildings" (26 September, 2003) (online, available: <http://quake.abag.ca.gov/shelpop/typ2_f.html>, 27 February, 2010).

⁴ LAO, "Proposition 13."