

1978

Owner Occupied Dwellings - Tax Rate

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Official Title and Summary Prepared by the Attorney General

OWNER OCCUPIED DWELLINGS—TAX RATE—LEGISLATIVE CONSTITUTIONAL AMENDMENT. Adds Constitution, article XIII, section 9.5, to give Legislature power to provide for taxation of owner occupied dwellings, as defined by Legislature, or any fraction of value thereof, at rate lower than that levied on other property. Tax rate levied on other property cannot be increased as result of lowering tax rate levied on owner occupied dwellings. Financial impact: Depends on legislative action. Could result in reduction in local revenues.

FINAL VOTE CAST BY LEGISLATURE ON SCA 6 (PROPOSITION 8)

Assembly—Ayes, 54
Noes, 15

Senate—Ayes, 27
Noes, 12

Analysis by Legislative Analyst

Background:

The Constitution generally requires all property, including homes, apartments, commercial and industrial buildings, to be assessed for tax purposes at the same percentage of market value.

Generally, all property in the same taxing area is taxed at the same rate.

Proposal:

This proposition would give the Legislature the authority to allow local governments to tax owner-occupied dwellings at lower property tax rates than the rates that apply to all other types of property. The proposition does not say how much lower these tax rates on owner-occupied dwellings could be. However, the proposition prohibits an increase in the tax rates on

other property as a result of lowering the tax rates on owner-occupied dwellings.

Fiscal Effect:

This proposition only authorizes the Legislature to act. It does not require it to do so. Consequently, the proposition, by itself, would have no direct fiscal effect on either state or local government.

If this proposition is approved by the voters and the Legislature acts to permit lower tax rates on owner-occupied dwellings, the net effect on local revenues would be either no change, or a reduction. A reduction would probably occur if there were a big difference between the tax rates on owner-occupied dwellings and the tax rates on all other property.

Study the Issues Carefully

Text of Proposed Law

This amendment proposed by Senate Constitutional Amendment No. 6 (Statutes of 1977, Resolution Chapter 85) expressly adds a section to the Constitution; therefore, provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE XIII

SEC. 9.5. The Legislature may provide for the taxation of owner occupied dwellings, as defined by the Legislature, or any fraction of the value thereof, at a rate lower than that levied on other property. In no event may the tax rate levied on other property be increased as a result of lowering the tax rate levied on owner occupied dwellings.

Apply for Your Absentee Ballot Early

Argument in Favor of Proposition 8

Your vote for Proposition 8 will make possible honest and lasting homeowner property tax relief.

Our State Constitution now requires all property to be taxed at the same rate. In recent years, home assessments have increased much faster than other property assessments. This has caused you as a homeowner to pay more of the property tax burden.

Proposition 8 ends this injustice by providing "for the taxation of owner-occupied dwellings . . . at a rate lower than that levied on other property." Moreover, this change in the Constitution will not result in an increase in business or agricultural property taxes.

Your yes vote will:

_____ Allow the property tax rate on your home to

go down as the assessment on your home goes up;

_____ Permit removal of burdensome welfare and other costs from your property tax bill;

_____ Prohibit a shift of the tax burden to business.

Your vote for Proposition 8 will make possible responsible and lasting property tax relief.

VOTE YES ON PROPOSITION 8.

EDMUND G. BROWN JR.
Governor, State of California

VIRGINIA N. STRICKLAND
President, Northpark Square Homeowners Association

JERRY SMITH
State Senator, 12th District

Rebuttal to Argument in Favor of Proposition 8

So the Governor is going to give us "honest and lasting" property tax relief.

Well friends, if you believe that, we've got some swampland in Florida that you might be interested in buying.

The simple fact of the matter is that Proposition 8 does not lower the property taxes of a single renter or homeowner in the entire State of California. And if it weren't true, we couldn't say it.

Of course, the Governor can say anything he pleases. Take that line about removing "burdensome welfare and other costs from your property tax bill," for example. The plain truth is that Proposition 8 does not say a single solitary thing about welfare costs. And if you

want to see for yourself, just turn back a page and read the text of the Proposition for yourself.

Frankly, Proposition 8 is nothing more than a last ditch effort by the Governor and the Legislature to keep the people of this State from passing the Jarvis-Gann Initiative (Proposition 13).

We've sat in the Legislature these past two years and heard enough of this gobbledegook. We're voting NO on Proposition 8.

WE URGE YOU TO DO THE SAME.

H. L. "BILL" RICHARDSON
State Senator, 25th District

DAVE STIRLING
Member of the Assembly, 64th District

Argument Against Proposition 8

How do you spell relief?

PROPOSITION 8 spells it M-O-R-E T-A-X-E-S.

How a person could call this law “tax relief” and keep a straight face is beyond me.

It says it’s going to lower the tax Rate on some property without raising the tax Rate on other property.

So what? It doesn’t say a darn thing about ASSESSMENTS!

What difference does it make if they LOWER your tax rate, if they RAISE your assessment? You still pay higher property taxes!

The only difference is that some people’s taxes will go up faster than other people’s taxes. Of course, by the time your next property tax bill arrives, the November elections will be over. (How convenient!)

Folks, the supporters of Proposition 8 can explain this thing until they’re blue in the face, but it doesn’t change the facts. Proposition 8 only confuses the issue. We want LOWER taxes, not merely a different way to RAISE our taxes.

Of course, there are certain groups of taxpayers who will be particularly hard hit by this legislative con game. The worse burden will fall upon renters who pay property taxes indirectly through their monthly rent payments. Since rental property taxes will go up, rents will skyrocket.

If this is tax relief, I don’t think we can afford it!
VOTE NO ON PROPOSITION 8.

H. L. “BILL” RICHARDSON
State Senator, 25th District

DAVE STIRLING
Member of the Assembly, 64th District

Rebuttal to Argument Against Proposition 8

Here they go again! Every time honest tax relief is put on the ballot, opponents scream “tax increase.”

The truth is homeowners and renters won’t be hurt by this Proposition. Business won’t be hurt, and Agriculture won’t be hurt.

BUT MORE IMPORTANT, HOMEOWNERS WILL GET THE PROPERTY TAX RELIEF THEY NEED!

The opponents’ argument to this Proposition is just false.

Proposition 8 does do something about assessments, by allowing for the first time, homeowner property tax rates to go *down* whenever assessments go up.

Furthermore, the opponents fail to point out that under Proposition 8, reductions in home taxes *cannot* cause increased taxes on rentals, businesses and agriculture.

Tax relief is really spelled P-R-O-P-O-S-I-T-I-O-N 8.
VOTE YES ON PROPOSITION 8.

EDMUND C. BROWN JR.
Governor, State of California

VIRGINIA N. STRICKLAND
President, Northpark Square Homeowners Association

JERRY SMITH
State Senator, 12th District