

Close the Commercial Property Loophole

WHEREAS, voters in the state of California approved Proposition 13 in 1978; and

WHEREAS, Proposition 13 created limits on the property taxes paid by residential and commercial properties; and

WHEREAS, residential and commercial property values in California are reassessed upon change of ownership; and

WHEREAS, owners of commercial real estate have benefited under current reassessment rules in that if a corporation owning commercial property is sold or merged with another corporation, but the property it owns stays deeded to the corporation, ownership of the property effectively changes without triggering a reassessment of the property; and

WHEREAS, corporations often avoid reassessment of their property by limiting the portion of ownership that changes hands to ensure that no single party owns more than 50 percent; and

WHEREAS, property taxes are a stable funding source for public schools; and

WHEREAS, since the passage of Proposition 13, the State of California has assumed a greater role in the funding of public schools; and

WHEREAS, since the State of California has assumed a greater role in the funding of public schools, per-pupil support has declined from the top 10 in the nation to the bottom 10; and

WHEREAS, public schools in California face challenges educating a student population with vast differences in language, poverty, parental education level, and other social, educational and economic factors; and

WHEREAS, modifying the method of reassessing commercial property would net needed additional resources for public schools; therefore

BE IT RESOLVED, that the Peralta Community College District governing board supports efforts to modify how the value of commercial properties in California are reassessed to allow for more regular commercial property value reassessment while maintaining Proposition 13 protections for residential properties and small businesses;

BE IT FURTHER RESOLVED, that tax revenues generated by modernizing how commercial property is reassessed benefit local schools and not accrue to the State of California as General Fund savings, and

BE IT FURTHER RESOLVED, that the Peralta Community College District supports this effort while protecting existing protections provided to residential properties, and will communicate this position to local elected officials.

José M. Ortiz, Chancellor
Secretary, Board of Trustees
PERALTA COMMUNITY COLLEGE DISTRICT