



Promoting accountable, cost-effective and efficient government and opposing unnecessary taxes and spending



May 1, 2023

Speaker Presentation

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Summary of CoCoTax General Meeting 4-28-23 Speaker Presentation

Jon Coupal, President of The Howard Jarvis Taxpayers Association

We all should know of the great accomplishment of HJTA was the passage of Prop 13 in 1978. Prior to Prop 13 property tax rates were exploding, forcing many out of their homes, the rest beginning to realize that they will soon be next. The explosion of taxes was, in part, due to the high inflation at the time. Inflation, which peaked near 20%, drove up house prices rapidly, giving property tax assessors a yearly windfall. In this environment, Prop 13 easily passed with a 2/3 majority. Escalating property taxes affected renters as well, as apartment and rental taxes, were passed on.

Prop 13 was a sweeping Constitutional measure that limited assessments to 1% of purchase price plus bonds. It allowed yearly assessment increases of 2%, which was below inflation for most of the time until present. It further required a 2/3 approval for passage of new taxes. This gave property owners a predictable, budgetable tax into the future. This gave local and state governments a predictable tax revenue, with the 2% yearly increases plus tax basis increases upon property sale. Many agencies called Prop 13 a “property tax shock absorber” for its stabilization of revenues.

There have been several attempts to overturn Prop 13 by ballot measures placed before the voters. They have consistently failed due to Prop 13’s great popularity. Current support, through polling, shows the same 2/3 majority.

Several failed attempts, including the most recent, were based upon what is called, “A Split Roll.” The strategy was to remove commercial property from Prop 13. They failed too as enough voters realized higher business costs must be passed on to consumers.

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Speaker Presentation, Continued

HJTA is now supporting a new initiative called, "The Taxpayer Protection and Accountability Act," which polling strongly favors. This measure would ensure:

- Regulatory agencies could not impose new regulations unless approved by the Legislature.
- Taxes imposed by "special interest groups" would also require a 2/3 vote not just over 50%.
- Any "fee" could not be imposed without a 2/3 vote unless the "fee" can directly be linked to the "service" it would finance.
- "Fees" such as new, "real estate transfer taxes," also would require 2/3 voter approval.

Jon recommends that all of us need to occasionally engage acquaintances in discussions over tax and other matters. Knowledge is a powerful tool for us. Please consider a donation to support the fine work of HJTA. Go to hjta.org and click "donations."

Mark Fernwood

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