



Proposition 15—the Schools & Communities First initiative implements new tax relief for farmers and agricultural producers, and it completely exempts agriculture and commercial agriculture from reassessment. | AUGUST 2020

Proposition 15 also implements new tax relief for business personal property taxes, and it only requires fair market assessment of commercial and industrial properties. It explicitly exempts agricultural property and property used for the commercial production of agricultural commodities. It also exempts all land designated for open space or conservation uses.

The specific benefits for farmers and agricultural producers include:

- **New tax relief:** Implements a \$500,000 exemption for business personal property taxes (taxes on business equipment and fixtures such as tractors, above-ground irrigation systems, and more). For businesses that own their property with 50 employees or less, such taxes are entirely eliminated – benefiting many small farms.
- **Small business protections:** Exempts commercial or industrial property that is worth \$3 million or less if independently owned and not part of chains.

Proposition 15 explicitly “makes no change to existing laws affecting the taxation or preservation of agricultural land” or “commercial agricultural.”

- Throughout the measure, both in intent and statute, agricultural and commercial agricultural property is exempt, meaning it will continue to be assessed the way it is now under Proposition 13. The language is broad and explicit to ensure that agriculture will not be impacted. Property taxes for agricultural land will continue to be based on the property value of when it was last sold or Williamson Act values. If there is any borderline issue, there is full authority by the local county assessor, the Board of Equalization or the legislature to resolve that issue.
- Any residential structures on agricultural land would be exempt.
- Vacant land used for commercial agricultural production will be exempt. Some examples of this include urban farms.



Case studies:

- Last year, a cornfield zoned as agriculture was improved with the installation of an underground irrigation system, and it was reassessed under Prop 13, since the land was improved. If Proposition 15 were enacted tomorrow, this cornfield would be unaffected, until a new improvement is made that would again trigger the necessary reassessment.
- A winery was built on a vineyard 10 years ago, and it triggered reassessment under Prop 13 because it was an improvement to the land. If Proposition 15 were enacted tomorrow, that winery would not be subject to a new reassessment.
- According to the Fresno County Assessor's Office, irrigation systems on agriculture can be treated as real property or as a fixture. For example, irrigation systems on Pistachios are treated as real property and therefore exempt. Irrigation systems on row crops like tomatoes are treated as fixtures and therefore qualify for the business personal property exemption.

Proposition 15 is fair and balanced reform on the November 2020 ballot that will reclaim \$12 billion every year for schools and vital services for local communities by closing corporate property tax loopholes, all while completely protecting homeowners, renters, small businesses, and agriculture.

- The initiative maintains the **1% cap on property tax rates across the board**, ensuring businesses in California continue paying some of the lowest property tax rates in the entire country.
- Estimates have shown that **10% of the largest and wealthiest commercial property owners would provide 92% of the funding**, illustrating the fact that the handful of corporations, which have benefited for so long from shady tax loopholes, will finally pay their fair share.

Rural communities stand to greatly benefit from Proposition 15—Schools & Communities First. Proposition 15 puts more resources into the hands of schools and local governments to decide how to spend it, not Sacramento. Moreover, educational revenue is distributed based on an equity formula, ensuring the highest-need school districts and those in rural areas aren't left behind.

More information at: Yes15.org

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