

Prop. 15 Will Help Small Businesses Grow

<p>What is Proposition 15 – Schools & Communities First?</p>	<p>Prop. 15 is a fair and balanced reform that will reclaim \$12 billion to invest in schools and vital services for our local communities.</p>
<p>How does Prop. 15 work?</p>	<p>The richest 10% of corporate properties will provide 92% of the revenue for Prop. 15. Prop. 15 only requires commercial properties valued at greater than \$3 million dollars to be reassessed at fair market value every three years. This closes a loophole that large corporations have used for decades to avoid paying their fair share of property taxes. Prop. 15 also specifically exempts all residential properties and agricultural land to keep full Prop. 13 protections locked in place for homeowners, renters, and agriculture.</p>
<p>Where does the money go?</p>	<p>Roughly 40% of the funds will go to education (K-12 and Community Colleges), and 60% will go to our local communities (counties, cities, and special districts).</p>
<p>How will Prop. 15 funding be spent?</p>	<p>The funding for schools will be placed in a special education fund to supplement existing school funding guarantees and distributed based on LCFF (Local Control Funding Formula) guidelines to ensure the funding is distributed to schools with students with the highest needs. The funding for local community services will be collected by the counties and distributed to local cities, counties and special districts based on state law, and will help fund fire services, parks, libraries, health clinics, housing and other essential services neighborhoods count on.</p>
<p>Does Prop. 15 affect homeowners or renters?</p>	<p>NO. Prop. 15 completely exempts ALL residential property, including homeowners, renters, and hotels that have been converted into housing for low-income families, from any changes and locks in those Prop. 13 protections.</p>
<p>How will Prop. 15 impact mixed-use property?</p>	<p>Mixed-use property is to be assessed based on the proportion of commercial to residential square footage in the overall property and is likely to be exempt if it is predominantly (75% or more) residential. The exemption for small properties valued at \$3 million less applies to the entire property value.</p>
<p>How will Prop. 15 impact triple-net-leases?</p>	<p>Rents are determined by the market, not property values. The richest 10% of corporate properties will provide 92% of the revenue for Prop. 15. Prop. 15 simply levels the playing field for all businesses.</p>

<p>How will Prop. 15 impact small businesses?</p>	<p>Prop. 15 exempts all small business commercial property owners whose property is worth \$3 million or less. And by closing the commercial property tax loopholes Prop. 15 will level the playing field for businesses that already pay their fair share in our communities. Prop. 15 also provides tax relief on the first \$500,000 of business equipment and fixtures, which will significantly reduce or eliminate entirely the business personal property tax for California’s small businesses.</p>
<p>Will Prop. 15 cause small business rents to go up?</p>	<p>Right now, California has a broken and anti-competitive property tax system where many small businesses are paying their fair share, but many of the largest and most profitable corporations benefit from property tax loopholes. Opponents of Prop. 15, such as the Disney Corporation and Chevron, are using small businesses as a cover for the richest top 10% of commercial property owners that will generate 92% of the revenue. The truth is small businesses will get major tax relief on the business personal property tax and from the exclusion of commercial properties valued at under \$3 million.</p>
<p>Will Prop. 15 hurt large employers?</p>	<p>NO. Many new employers and investors are already paying their fair market value on their property, while others just get a windfall. California’s total property taxes for these businesses will still be among the lowest in the country at 1% of the assessed value of the property.</p>
<p>Will businesses move to other states to avoid paying their fair share?</p>	<p>NO, and this is a deceptive argument by opponents. Prop. 15 maintains a low property tax rate – 1% of the assessed value, one of the lowest in the nation. It’s important to remember that many of California’s most profitable and innovative companies already pay fair market value. This initiative levels the playing field.</p>
<p>How often will the property taxes be reassessed, and how is that different from now?</p>	<p>Every three years. Again, this won’t affect homeowners, renters, or agricultural land owners. Currently, all property in the state is assessed for tax purposes at its market value at the time of ownership change, generally the purchase price, plus an increase for inflation that is capped at 2% per year.</p>



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Paid for by Yes on 15 - Schools and Communities First sponsored by a Coalition of Labor Groups and Social Justice Organizations Representing Families, Students and Essential Workers. Committee major funding from:
 California Teachers Association
 SEIU California State Council
 Chan Zuckerberg Initiative Advocacy
 Funding details at <http://fppc.ca.gov>