

## **BOMA/California Fights to Protects State's Commercial Real Estate Industry Against Split-Roll Property Tax Measure**



Senate Constitutional Amendment (SCA) 5 – a split-roll property tax measure – was introduced in the California State Senate in June. It would amend the California State Constitution by providing for regular assessments of commercial and industrial property to their fair market value, commencing with

the 2018-19 fiscal year. However, the constitutionally mandated one percent tax rate would be retained, and the protections of Proposition 13, which places a limit of no more than two percent per year on increases of the assessed value of real estate for property tax purposes in California, would continue to apply to only residential rental property and agricultural property. If approved by two thirds of both houses of the California State Legislature, the measure would be placed on the November 2016 election ballot. The signature of the Governor is not required.

BOMA California members are working with allied groups, such as the California Chamber of Commerce and the California Taxpayers Association, to vigorously oppose this attempt to amend Proposition 13 by contacting the news media, by using social media, and by contacting state legislators directly. They are arguing that a split-roll property tax will increase property taxes on businesses dramatically, resulting in a devastating impact on California's economy and causing significant economic harm in terms of lost output and lost jobs. The case is also being made that the introduction of a split-roll property tax would result in increased instability for local government finances, as they would become more directly susceptible to the historic bubbles in the California real estate market.

Consideration of SCA 5 by the California State Legislature will take place over the next several months.