

**Split Roll Property Tax**

*Ensuring a Stable Property Tax System in California*

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**BACKGROUND**

Under California's landmark Proposition 13 taxation law, residential and non-residential property owners are afforded voter-approved protections that have served the state well.

Several times over the past decade, the commercial real estate industry has seen major efforts to undo these protections in an effort to increase the tax burden on non-residential property owners. Commonly known as "split roll tax," proponents have been able to move this idea through both the Legislature as well as the initiative processes, though have not ultimately been successful with voters.

Pressure to increase revenue comes from many sides as deficits at the local level have led to an increasing need for local governments to find new sources of income, in order to finance infrastructure needs, services and other programs. "Raids" from state government to balance the state budget and increasing monetary demands, have exacerbated the problem.

As revenue becomes more difficult to generate, experience has shown that advocates will attempt to change the rules to make it easier to tax businesses. They believe one of the easiest courses to pursue would be to establish split roll taxation and charge commercial property at a different and higher rate than residential property.

In recent years, CBPA has been successful at defeating several split roll property tax measures in the California Legislature and both that qualified for the statewide ballot.

Proponents of a split roll property tax continue to advocate the idea with legislators and have spent significant funds to push the idea, serving notice to the commercial real estate industry that the issue will not be going away anytime soon.

**CBPA POSITION**

CBPA opposes any form of split roll taxation in which commercial property is taxed at a higher rate or in a different manner than other property and is committed to fighting this ill-conceived policy whenever it is attempted.

CBPA opposes split roll taxation based in the fact that economic studies have shown it would have a negative impact on small businesses and consumers as higher commercial taxes will create higher consumer costs.

CBPA opposes split roll taxation as it will further erode the business climate in the state and will provide another reason for businesses to either flee California or decide not to expand its operations in the state.

CBPA commits to make the public and policymakers aware of the positive impact of the commercial real estate industry.

This effort to increase the awareness of the general public will include information about not only the actual taxes paid but other contributions made by the commercial real estate community to the public good, including job production, schools, and child care facilities.