

Weekly Update- November 20, 2020

November 20, 2020

HAPPY THANKSGIVING

CBPA would like to wish all of you a very Happy Thanksgiving and hope you get some time off.

California is a great state, we live in a wonderful country, and we have a lot to be thankful for. We hope you get to spend some quality time with loved ones next week even if its through ZOOM!

Please take a moment to reflect and thank the men and women in uniform who are serving our country overseas away from their families at this time and be sure to protect yourself and loved ones from COVID. Have fun and relax but be smart about it!

WEEKLY ALERT ON HIATUS

Please note, the Weekly Alert will be on hiatus from now until the new year. But don't worry, if anything major happens, we'll be sure to let you know.

We will return from our short-hibernation on to our regular schedule on Friday, January 8, to bring you all the news, gossip, and inside-information from Sacramento. Also, we do need our rest as 2021 is going to be a very busy year battling all the crazy bills and regulatory proposals coming out of Sacramento!

In the meantime, if you have any questions, comments, or need information, please email Matthew Hargrove mhargrove@cbpa.com.

BILL IDEAS FOR 2021 – “THERE OUTTA BE A LAW!”

Last call for bill ideas! Before the Legislature reconvenes in January, we need your ideas on proactive changes to the law that our industry should consider pursuing.

Are there issues in statute that could be made better, more efficacious? Something not addressed in statute that should be fixed?

Let us know so we can do the needed research and work with authors to get a bill introduced by the appropriate deadlines

NEW STAY AT HOME ORDER ENACTED IN MOST OF CALIFORNIA

According to the Governor, “COVID-19 is increasing at alarming rates in California and we all need to do our part to stop the surge. Effective November 21, stop non-essential activities between 10:00 pm to 5:00 am in counties in the Widespread (purple) tier.”

This new order is essentially a curfew in many communities. The ongoing rules with regards to COVID continue to shift and change and continue to keep many of our buildings empty and offline.

CBPA is working directly with the Governor’s office to inform the statewide rules and provide real-time information regarding the commercial, retail, and industrial real

estate sectors. Although many of our suggestions have been incorporated into the Governor's actions, many have not.

We will continue to work with our partners in Sacramento including the California Retailers Association, the CalChamber, the California Manufacturing and Technology Association, and the California Business Roundtable, among many others, to represent the business perspective and fight to re-open California's economy as soon as practicable.

[Click here](#) for more information from the Governor on COVID tiers and California's reopening status.

BERKELEY IGS POLL/DEFEAT OF PROP 15 SHOWS PROP 13 STILL SUPPORTED

In its the final pre-election survey completed in late October the Berkeley IGS Poll asked voters their views about the landmark 1978 property tax reduction initiative, Proposition 13, as well as about the current levels of state and local taxes that the average Californian has to pay.

The findings indicate that California voters continue to broadly support Proposition 13 and would endorse its passage by a wide margin if it were up for a vote again today. While there has been a steady increase in the proportion of voters with no opinion of the iconic initiative over the years, among voters voicing an opinion, supporters outnumber opponents by a nearly three to one margin (53% to 19%).

There was also a clear relationship between how voters viewed Proposition 13 and how they were intending to vote on this year's "split roll" property tax initiative, Proposition 15. By greater than an eight-to-one margin (76% to 9%) No voters on

Proposition 15 were nearly universally supportive of Proposition 13 if it were up for a vote again today. By contrast, Yes voters on this year's split roll property tax initiative were more evenly divided about how they would vote on the original Proposition 13.

In addition, the poll found that an historically large proportion of voters (81%) now feels the level of state and local taxes paid by the average Californian is high, while just 19% consider taxes in the state to be below or about right. In previous statewide surveys dating back to 1977, the only other times that greater than three in four voters described the level of state and local taxes as being high were in 1982 and 1991, both years in which the state was experiencing an economic downturn.

By a nearly five-to-one margin (78% to 16%) voters also agreed that taxes in California were already so high that they were driving many people and businesses out of the state.

[Click here](#) to read in depth findings of the IGS Poll.

GOVERNOR RELEASES TASK FORCE ON BUSINESS AND JOBS RECOVERY REPORT

From the office of the Governor:

Amid surge in COVID-19 cases, the report by Co-Chairs Ann O'Leary and Tom Steyer reaffirms the state's health-first approach as the foundation for a safe and sustainable reopening

Report highlights innovative proposals and partnerships launched by the Task Force and identifies priorities and challenges as the state works to rebuild a more equitable, sustainable and resilient economy

Task Force leaders from across a broad range of economic and social sectors represent a diversity of California voices and perspectives impacted by the pandemic

Governor announces launch of \$25 million California Rebuilding Fund to support small businesses by offering loans and free advisory services.

[Click here](#) to read the full report.

REMARKABLE! LEGISLATIVE ANALYST PREDICTS \$26B STATE BUDGET SURPLUS

The nonpartisan Legislative Analyst's Office projects California will have a \$26 billion BUDGET SURPLUS in the next budget cycle. This windfall is something completely unexpected after almost a year of economic shutdowns.

The LAO's [California Fiscal Outlook](#) says the predicted economic disaster of COVID shut downs has not actually befallen the economy and that state revenue's continue to hit levels more consistent with rosier economic times.

The report notes that schools and community colleges can expect a record one-time surplus of \$13.1 billion in 2021-22.

This surplus will make the budget discussion even more interesting as we expect it to trigger lively discussions over how the state spends this money and whether the Legislature commits one-time funds to ongoing programs.

PROP 15/SPLIT ROLL PROPERTY TAX DEFEATED! NOW WHAT?

As we have previously reported, and celebrated, Proposition 15 was defeated by well over half a million votes and the business community has been able to avoid an \$11B ongoing annual tax. However, we don't expect tax-increase advocates to give up – even with the \$26B windfall noted above.

So, what can we expect public employee unions and other advocates of increased taxes to do next?

First, please don't expect the idea of a Split Roll Property Tax to disappear, even though it suffered a resounding defeat after an \$80M campaign advocacy effort. Enacting a split roll is an idea that a certain segment of California voters support but more importantly it engenders almost a religious zealotry within the membership of some public employee unions and other tax increase advocacy groups. So, we must remain vigilant on this issue.

Now, predicting what the Legislature will do is difficult, but we can expect attempts to enact a "Wealth Tax," decrease corporate tax breaks, resurfacing of the idea to tax services, and other targeted tax increases such as sales tax bump.

Our friends at the CalChamber have looked into their crystal ball and share what they see on the horizon. [Click here](#) to read.

WHAT WILL TAX INCREASE ADVOCATES NOW DO?

Long-time political Columnist Dan Walters also takes a crack at predicting what the Tax Increase Advocates will do next. [Click here](#) to read Dan Walters' thoughts on potential taxes that will be proposed.

CONGRESS AND THE LEGISLATURE

Due to several very tight races in which leads have swapped back and forth, there is no clear outcome on the partisan makeup of the Congressional Delegation nor the CA State Legislature yet.

However, as it currently stands the Congressional Delegation has a net increase of four Republicans – 42 Democrats and 11 Republicans.

The California State Senate has a net increase of two Democrats – 31 Democrats and 9 Republicans.

The California State Assembly has a net increase of one Republican – 60 Democrats and 19 Republicans and one independent (No Party Preference).

ALL THE RESULTS

The best place to find all the statewide elections results is at the California Secretary of State's website below or [click here](#).

<https://electionresults.sos.ca.gov/returns/ballot-measures>