

**California Commission on Tax Policy  
in the New Economy**

San Francisco  
September 25, 2003

Proceedings

## **SEPTEMBER 25, 2003: SAN FRANCISCO**

### Welcoming Remarks

Matt Gonzales – President, San Francisco Board of Supervisors

### Perspectives on the Property Tax

Fred Silva, Senior Advisor, Public Policy Institute of California

Tracy Gordon, Research Fellow, Public Policy Institute of California

### Periodic Reassessment of Non-Residential Property

Commissioner Lenny Goldberg

#### Panelists:

Terri Sexton - Center for State and Local Taxation, UC Davis

Terry Ryan - Director State Taxes, Apple Computers

Bill Harris - Property Tax Manager, Intel Corporation

### Local Finance Issues

Commissioner Scott Peters

#### Panelists:

Pat Leary - California State Association of Counties

Michael Colema - Coleman Advisory Services

Dwight Stenbakke - Director of Legislation, League of California Cities

Tim Fran - Sierra Club / Surface Transportation Policy Project

Peter Schaafsma - Director, Assembly Republican Fiscal Staff

Dave Wilbur – Office of Supervisor Matt Gonzalez

### Property and Sales tax Bases for 218 Cities in California, 1980-1999

Martha Jones, Ph.D. – California Research Bureau, California State Library

### Daily Financial Market Comment

Goldman Sachs Economics 9/10/03

**MEETING OF THE  
CALIFORNIA COMMISSION ON TAX POLICY IN THE NEW ECONOMY**

[www.canewconomy.ca.gov](http://www.canewconomy.ca.gov)

San Francisco Board of Supervisors  
Legislative Chamber – Second Floor  
San Francisco City Hall  
#1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

September 25, 2003

**AGENDA**

Note: This meeting is being video taped for delayed broadcast on public access television stations throughout California. Consequently, a simultaneous web cast is not available. To view the proceedings later, please consult your local TV listings for channels and times or contact your public broadcast station(s) directly.

- 10:30 AM     Chairman Bill Rosendahl  
                 Meeting called to order  
                 Announcements / Introductions
- 10:35 AM     Welcoming Remarks  
                 President Matt Gonzalez, San Francisco Board of Supervisors
- 10:40 AM     Perspectives on Property Tax  
                 Fred Silva/Tracy Gordon, Public Policy Institute of California
- 11:00 AM     Commissioner Lenny Goldberg  
                 Introduction to Periodic Reassessment of Non-Residential Property  
                 Terri Sexton, Center for State and Local Taxation, UC Davis  
                 Terry Ryan, Director State Taxes, Apple Computers  
                 Bill Harris, Property Tax Manager, Intel Corporation
- 12:30 PM     Public Commentary  
                 Break for Lunch

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**MEETING OF THE  
CALIFORNIA COMMISSION ON TAX POLICY IN THE NEW ECONOMY**

[www.caneweconomy.ca.gov](http://www.caneweconomy.ca.gov)

San Francisco Board of Supervisors  
Legislative Chamber – Second Floor  
San Francisco City Hall  
#1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

September 25, 2003

**AGENDA**  
(continued)

- 1:30 PM Commissioner Scott Peters  
Introduction to Local Finance Issues  
Pat Leary, California State Association of Counties  
Michael Coleman, Coleman Advisory Services  
Tim Frank, Sierra Club / Surface Transportation Policy Project  
Peter Schaafsma, Director, Assembly Republican Fiscal Staff
- 3:00 PM Chairman Rosendahl  
Public commentary  
Adjournment

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## **Chairman's Notes**

**September 25, 2003**

### **Topics for consideration:**

- Welcome to the 9<sup>th</sup> meeting this year, 15<sup>th</sup> overall
- Vasconcellos Legislation (SB1933)
  - sales and use taxes
  - telecommunication taxes
  - income taxes
  - property taxes
- Governor's request on February 3, 2003
  - look at structural reform of the budget process
- Options for Revising the California Tax System; June 15, 2003
- Final report due December 31, 2003
- Website: [www.caneweconomy.ca.gov](http://www.caneweconomy.ca.gov)
  - reports
  - schedule of events
  - feedback from the public
- Today's agenda
- Thank you to the San Francisco Board of Supervisors

Welcome by President Matt Gonzalez

Slide 1

The Commercial Property Tax:  
Infrastructure, Land Use and the  
Fiscal Problems of Local  
Government

by Lenny Goldberg  
California Tax Reform Association  
Presented to the Commission on Tax Policy in the New Economy  
September 25, 2003

Slide 2

San Diego Union-Tribune, April 23, 2003: "Even  
Proposition 13 must be on the table":

- "While Democrats and Republicans cower before this iconic restriction on property taxes, **they should nevertheless be amenable to an annual reassessment of business and commercial properties.** There can be no sacred cows in confronting California's catastrophic budget".

Slide 3

*What's wrong with the non-residential property tax?*

**1. As tax policy and fiscal policy**

- a. Loophole-ridden and complex: "change of ownership" standard leads to endless ways to transfer property without re-assessment, given complexity of property holding and enforcement.
- b. Anti-competitive: competitors in the same business will pay widely varying property tax per square foot.
- c. Stands good economics on its head: Full tax (plus fees, etc) falls on new investment and personal property, resulting in no tax on windfall land rents

Slide 4

**Tax and Fiscal policy, cont.**

- d. Does not capture tax increments from rising land values resulting from new investment, potentially for infrastructure investment.
- e. Over-burdens new investment with fees, exactions, etc. to pay for new demands, because of lack of on-going growth--only leverage point for local government
- f. Slow-growing, although stable, property tax receipts from non-residential development.
- g. Most office/commercial/industrial of limited fiscal attractiveness, do not pay for themselves

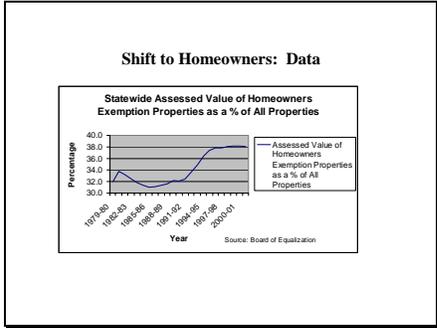
Slide 5

- 2. As land use policy**
- a. Rewards speculation: no tax on underutilized land (example: East Oakland)
  - b. No penalty for holding land off market (sprawl and leapfrog development).
  - c. Low property tax receipts and minimal growth is flip side of over-reliance on sales tax.
  - d. Big-box retailing is low land value intensity—warehouse plus parking lot
  - e. Increases cost of land relative to other investments—land value inversely related to tax burden

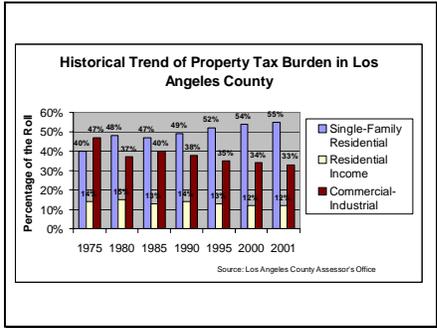
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- Why Commercial and not Residential?
- Homeowners' income is not related to property value, investment property is a function of income to be earned from the property
  - Renters included? Has characteristics of investment property, problem is admittedly political, i.e. treating residential alike

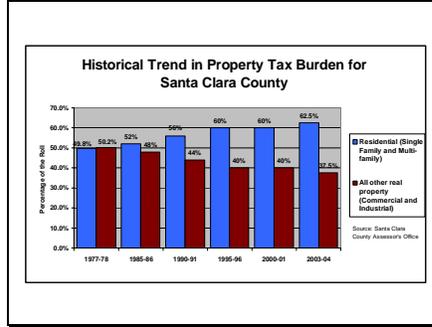
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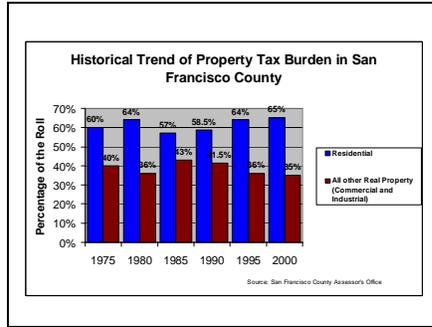
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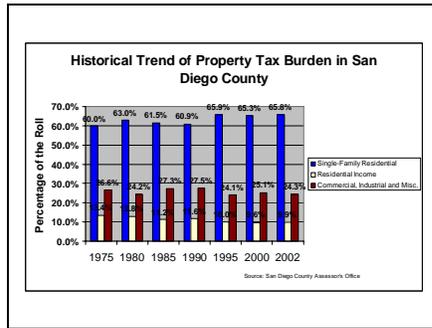
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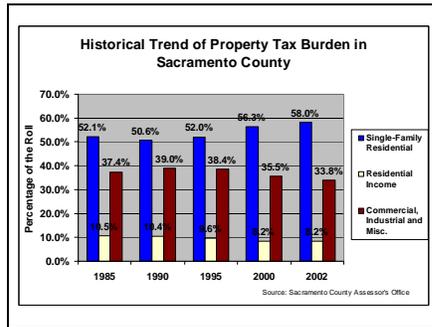
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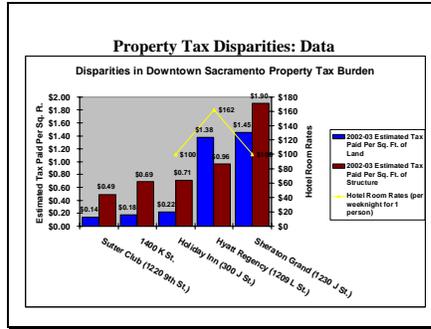
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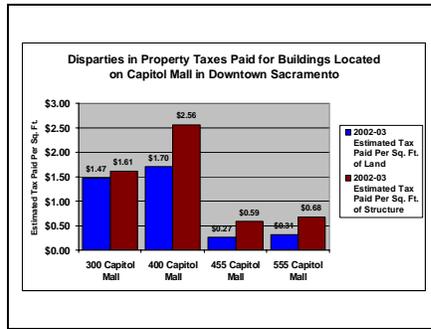
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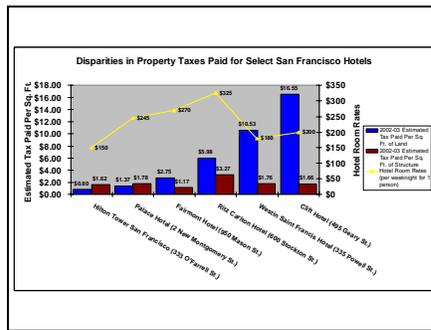
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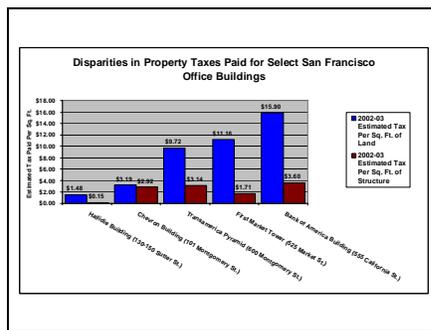
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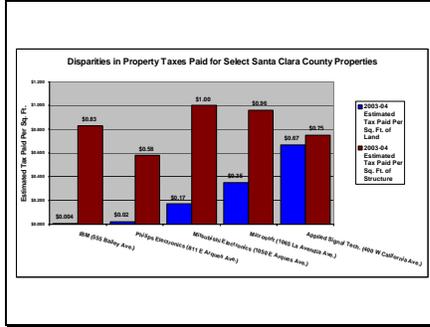
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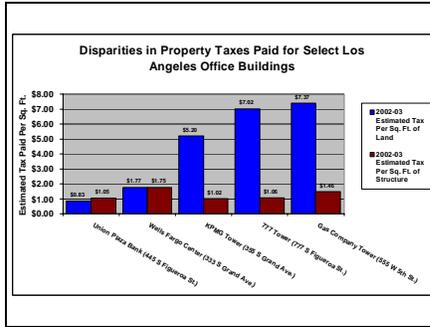
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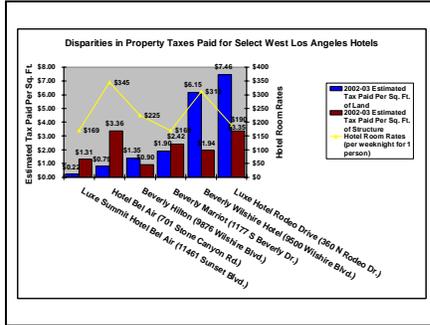
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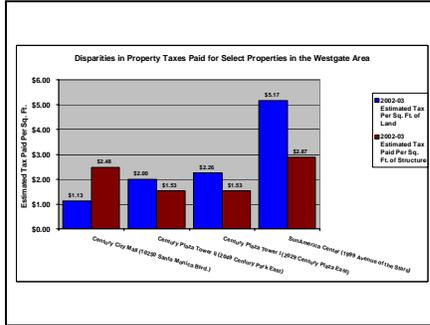
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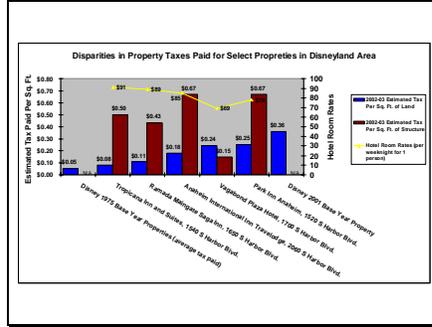
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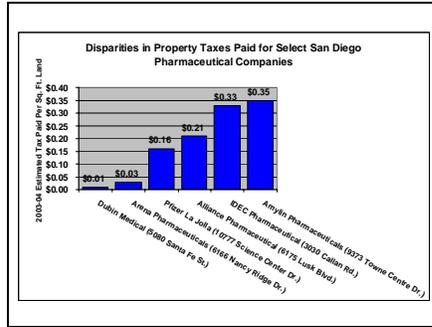
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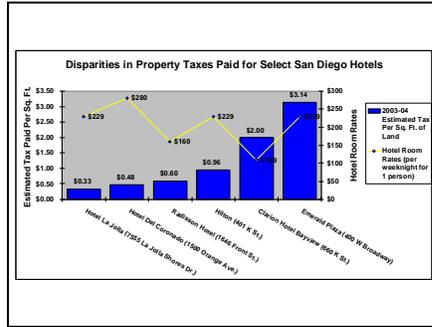
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Slide 22



Slide 23



Slide 24

### Two-step solution

- SB 17 (Escutia) : statutory changes which tighten definition of “change of ownership”. Generally, would capture cumulative changes of ownership of publicly-traded corporations or partnerships.
- ACA 16 (Hancock): Constitutional reassessment of non-residential property, which reads “For the lien date for the 2005-06 fiscal year and each lien date thereafter, the ‘full cash value’ of nonresidential real property, not used for permanent or long-term commercial agricultural production as defined in statute, is the fair market value of that property as of that date.”

## Slide 25

### Impacts on business

- Roughly \$3.3 billion in revenue (alternate estimate \$2 billion)—moves with business cycle
- Lower land costs—land values inversely related to tax burden on land
- Lower development costs—better land market, potential relief in fees, exactions, mitigations because of on-going benefits
- Infrastructure investment—local government incentive to improve property values
- Level playing field w.r.t. taxes among competitors
- Costs borne by those with untaxed windfall land values
- Potential trade-offs on other taxes, other burdens

## Slide 26

### How to proceed

- Key part of **local government** solution: enhances property tax, reduces reliance on retail
- **Environmental** support: necessary (but not sufficient) to address sprawl
- **Infrastructure**: tax increments re-invested to enhance property values, i.e. return on taxpayer investment to property owners
- Trade-offs: business personal property tax, sales tax on manufacturing equipment, other business concerns
- Populist trade-off: homeowner benefits as part of initiative measure

# Bill Harris/Terry Ryan Prop 13

Comparison of Proposition 13 Burden Borne by Homeowners Occupied Properties vs. Non-Homeowner Occupied Properties

Assessment Period	A All Properties	B Homeowner Occupied Properties	C All Non- Homeowner Occupied Properties (A - B)	D State Assessed Property - Non- Prop 13	E Tangible Personal Property - Non- Prop 13	F All Non- Homeowner Properties Subject to Prop 13 (C -(D+ E))	G All Prop 13 Properties (B+F)	H Homeowner Occupied Properties as a % of all Properties (B/A)	I Homeowner Occupied Properties as a % of all Prop. 13 Properties (B/G)	J Non- Homeowner Occupied Properties as a % of all Prop 13 Properties (F/G)
1979-80	135,715	45,600	90,115	29,775	16,834	43,506	89,106	33.6%	51.2%	48.8%
1980-81	147,924	53,696	94,228	31,480	8,430	54,318	108,014	36.3%	49.7%	50.3%
1981-82	672,481	238,058	434,423	35,712	38,404	360,307	598,365	35.4%	39.8%	60.2%
1982-83	752,572	259,637	492,935	40,833	43,945	408,157	667,794	34.5%	38.9%	61.1%
1983-84	814,164	273,559	540,605	47,217	46,661	446,727	720,286	33.6%	38.0%	62.0%
1984-85	897,322	295,219	602,103	52,214	52,282	497,607	792,826	32.9%	37.2%	62.8%
1985-86	988,036	321,112	666,924	56,724	60,893	549,307	870,419	32.5%	36.9%	63.1%
1986-87	1,080,082	349,947	730,135	63,991	66,514	599,630	949,577	32.4%	36.9%	63.1%
1987-88	1,189,223	386,497	802,726	67,312	72,819	662,595	1,049,092	32.5%	36.8%	63.2%
1988-89	1,301,461	424,276	877,185	71,131	78,742	727,312	1,151,588	32.6%	36.8%	63.2%
1989-90	1,441,276	477,062	964,214	69,691	85,394	809,129	1,286,191	33.1%	37.1%	62.9%
1990-91	1,610,127	528,122	1,082,005	75,138	96,041	910,826	1,438,948	32.8%	36.7%	63.3%
1991-92	1,738,345	573,654	1,164,691	73,928	100,844	989,919	1,563,573	33.0%	36.7%	63.3%
1992-93	1,828,283	625,273	1,203,010	72,470	101,938	1,028,602	1,653,875	34.2%	37.8%	62.2%
1993-94	1,883,116	664,740	1,218,376	68,675	105,667	1,044,034	1,708,774	35.3%	38.9%	61.1%
1994-95	1,906,756	699,779	1,206,977	68,976	102,924	1,035,077	1,734,856	36.7%	40.3%	59.7%
1995-96	1,922,716	722,941	1,199,775	68,822	106,150	1,024,803	1,747,744	37.6%	41.4%	58.6%
1996-97	1,946,962	739,846	1,207,116	66,755	110,217	1,030,144	1,769,990	38.0%	41.8%	58.2%
1997-98	2,004,716	759,787	1,244,929	68,654	118,012	1,058,263	1,818,050	37.9%	41.8%	58.2%
1998-99	2,100,836	800,419	1,300,417	69,225	127,954	1,103,238	1,903,657	38.1%	42.0%	58.0%
1999-2000	2,243,320	856,948	1,386,372	68,411	131,833	1,186,126	2,043,076	38.2%	41.9%	58.1%
2000-01	2,418,245	921,351	1,496,894	63,033	140,194	1,293,667	2,215,018	38.1%	41.6%	58.4%
2001-02	2,636,177	1,001,747	1,634,430	63,343	153,380	1,417,707	2,419,454	38.0%	41.4%	58.6%
2002-03	2,755,772	1,080,152	1,675,620	65,174	144,021	1,466,425	2,546,577	39.2%	42.4%	57.6%
<b>Average annual % increase '79-'02</b>	14.4%	15.1%	14.1%	3.5%	10.6%	17.2%	16.2%	0.6%	-1.0%	0.8%

**Notes:**

Includes Business Inventories - Inventories were taxable in 1979-80 and exempt thereafter.  
 All data in columns A,B,D,E are published by the State Board of Equalization.  
 Data received from State Board of Equalization are assessed values in \$B.  
 The first two assessment years utilize an assessment ratio of 25% while the years  
 thereafter utilize an assessment ratio of 100%.

## **California Still Dreaming**

### **DAILY FINANCIAL MARKET COMMENT**

09/10/03 Goldman Sachs Economics

\* California's budget crisis is the aftermath of a two-year 'tax bubble' at the end of the technology boom, during which state revenues jumped by a third. Expenditures grew nearly as fast as revenues during the boom, and have continued to increase (albeit more slowly) since then, opening up a yawning deficit.

\* Voter-mandated constraints on fiscal policy leave few degrees of freedom for the state government to balance its budget. But without a significant change in tax or spending policies, California would run deficits for several years.

\* Bringing the budget back into balance in the next fiscal year would require an adjustment of over \$10 billion to annual taxes or spending. This represents a fiscal drag of 0.7% on state and about 0.1% on national GDP.

### **California . . . Still Dreaming?**

The spotlight on California's recall election has also highlighted the unfortunate condition of the state's finances. The unprecedented drop-off in state tax revenues is really the tail end of a two-year bubble in income taxes, which has been followed by a return almost to the historical trend. Until the state reduces spending or institutes additional taxes to readjust to the underlying fiscal reality, it will continue to run large deficits. (Note for budget aficionados: For smoother reading, in this comment we refer to the 1999-2000 California budget year as the 2000 fiscal year, and so on.)

Historically, three taxes - the personal income tax, sales tax, and corporation tax - have made up about three-quarters of California's general fund revenues. Revenues from these taxes increased an average of 7% annually in the two decades prior to the 2000 fiscal year, and slightly faster during the late 1990s. But in the last two years of the tech boom, they increased by a whopping one-third (over 20% in 2000 alone) as tax payments on capital gains doubled. Even after a record-breaking 18% drop in the 2002 fiscal year, tax revenues were still running at levels above those of 1999.

Although spending didn't increase quite so rapidly in the two bubble years, it has continued to grow since. Even this year's hotly contested budget probably will represent an increase in spending, after adjusting for accounting sleight-of-hand. Thus the talk of a structural deficit in California: right now, spending and revenues are on near-parallel growth paths more than \$10 billion apart. (The California Legislative Analyst's Office estimates an \$8-billion deficit in the 2005 fiscal year without further policy changes; we are skeptical of this number due to the opacity of the budget projections and the assumption that the government will implement numerous aggressive expenditure reductions.) Without policy change, even if tax revenues grow at historical rates and

expenses are aggressively contained (e.g., 3% annual growth), it would be at least 2006 before the budget is in balance.

While this sounds bad, it is not as bad as the \$38 billion 'budget gap' referred to in many reports. This figure is a hypothetical construct. Roughly speaking, it is the projected 18-month (December 2002 to June 2004) deficit if no spending changes had been made from late 2002. It significantly overstates the actual one-year deficit: In the recently ended budget year, California's net new general fund borrowing was approximately \$10 billion.

Many states face tough budget times (see the August 22 U.S. Economics Analyst for an overview of state government fiscal conditions). The 1990s boom encouraged easy spending; the recession and languishing recovery have hurt revenues. California is an extreme case because of its voter-mandated constraints on fiscal policy and the structure of state revenues (caused to a large extent by the former).

In California, only 22% of state and local revenues come from property tax, compared to a national average of approximately 30%. This is due to Proposition 13, which set limits on property tax rates. California also relies heavily on a progressive income tax that derives 48% of revenues from 1% of filers. This revenue structure created a double-whammy: Not only was the state disproportionately whipsawed by the high-tech boom and bust, but it did not share as fully in the run up in house prices over the past decade, which might have helped to fill the gap.

Various voter propositions constrain the government's ability to deal with its current problems. On the revenue side, Proposition 13 requires a two-thirds majority in the legislature to approve new tax increases. (To get around this, the governor's office had to argue that an increase in the vehicle license fee was really the end of a discount.) Spending cuts face similar challenges. Proposition 98 sets minimum bounds to education spending, and the state's three-strikes law (Proposition 184) ensures a steady inflow to state prisons. Underlying health care costs also are rising steadily (nationwide, state expenditures on Medicaid grew 8% in 2003), making it difficult to cut back social services spending.

What are the implications for the state and national economy? The recall election may not be the only ballot initiative that results. Fiscal gridlock could lead the governor to appeal directly to the voters to loosen some of the constraints on spending. Otherwise, barring a sudden surge in economic growth, incremental solutions and continued deficits are likely. Eventually, a \$10- to \$15-billion adjustment will be required, representing a drag of roughly 0.1% of U.S. GDP (or 0.7%-1.0% of state GDP) that will be spread over the next two to three years.

Andrew Tilton

# **A Comparison of the Growth in Property and Sales Tax Bases for 218 Cities in California, 1980-1999**

*By Martha Jones, Ph.D.*

*Submitted to the Commission on Tax Policy in  
the New Economy, September 25, 2003*

**SEPTEMBER 2003**

Over the last 30 years, voter-initiated propositions have reduced local governments' ability to raise tax revenue. In the early 1990s, Governor Wilson and the Legislature diverted a large percentage of property tax revenues from local governments to education, often called the "ERAF shift."<sup>1</sup> This loss of property tax revenues by local governments has resulted in an increasing dependence on sales tax revenues, which are more volatile. Moreover, it has increased the fiscalization of land-use decisions and competition between cities for retail stores. In search of revenue, cities tend to favor retail development at the expense of housing.

Property/sales tax swaps are one way to restructure local government finance in an attempt to correct some of these problems. Different swap mechanisms have been proposed over the years; the swap currently being discussed in the Legislature is AB1221 (Campbell/Steinberg). In its June 2003 Options Report, the Commission on Tax Policy in the New Economy is also considering whether to recommend a property/sales tax swap as a tax reform proposal.

Under AB1221, in the base fiscal year, each city and county would lose a portion of the locally-levied sales tax for an equal dollar amount of the property tax, diverted from the ERAF fund.<sup>2</sup> The local sales and use tax rate would be reduced from one percent to 0.5 percent for cities and counties.<sup>3</sup> In order to maintain revenue neutrality, the state sales tax rate would be increased from 5 percent to 5.5 percent, and these funds would be used to reimburse each county's ERAF fund for the decrease in property taxes.

The AB1221 swap would be revenue neutral in the base fiscal year. Its impact in future years would depend on the differential growth rates of property and sales tax revenues, and on changes in land use patterns. A number of recent analyses have shown that California's major tax bases have grown at different rates over the past two decades.<sup>4</sup> The chart on the following page shows the inflation-adjusted, cumulative growth of net assessed valuation and taxable sales for California since 1980.<sup>5</sup> Net assessed value has grown more quickly and is more stable than taxable sales. Thus, proponents of the swap argue that historical patterns and economic trends suggest that California local governments on the whole would be better off with more property tax and less sales tax.

For 218 individual cities, this CRB note includes graphs showing the growth in property and sales tax bases: net assessed valuation and taxable sales. The critical comparison is

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<sup>1</sup> "ERAF" refers to the Educational Revenue Augmentation Fund.

<sup>2</sup> See the bill analysis for AB1221, 6/4/2003 at <http://www.leginfo.ca.gov> for further details.

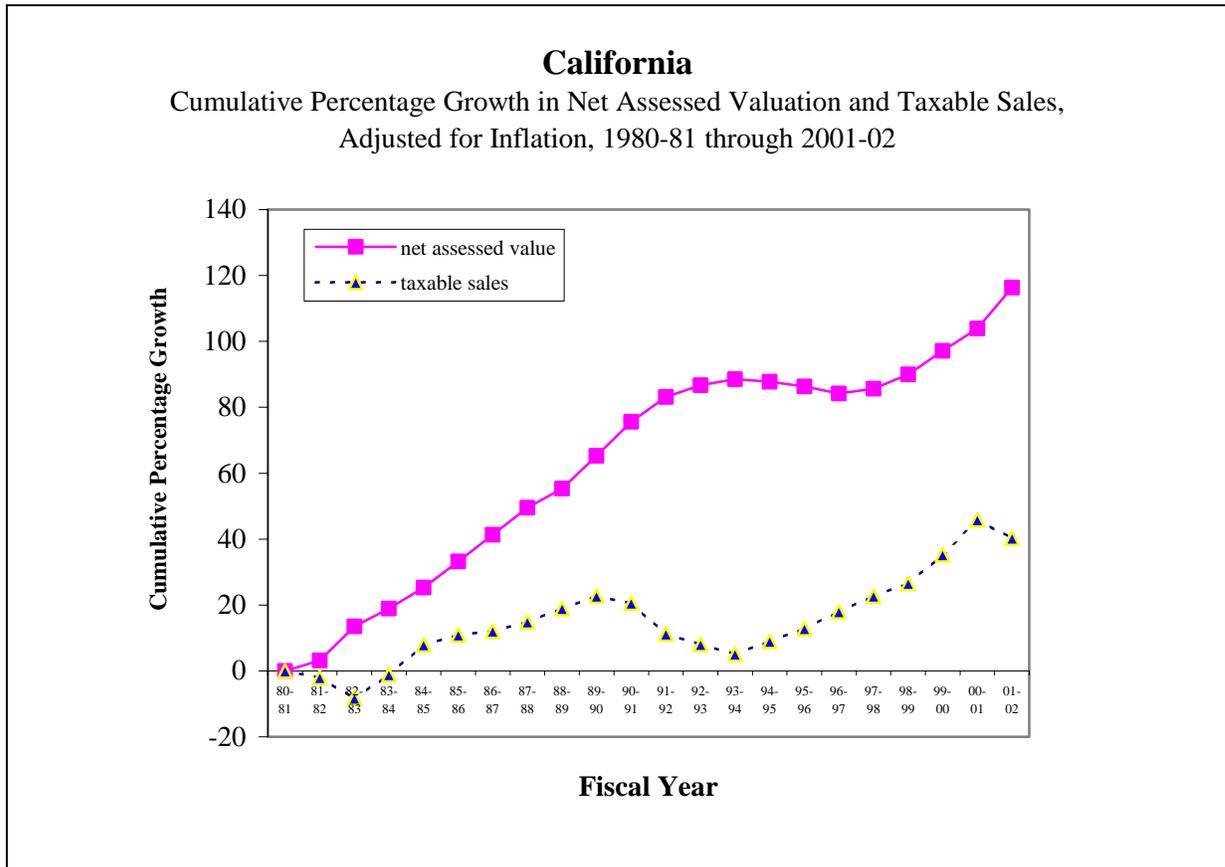
<sup>3</sup> Counties also levy an additional 0.25 percent for county transportation funds.

<sup>4</sup> Steve Levy, "Analysis of California's Three Major Tax Bases," July 8, 2003 <http://www.ccsce.com>; Michael Coleman, "AB1221, Fiscal and Policy Implications for Cities," April 11, 2003, <http://www.californiacityfinance.com/AB1221.pdf>.

League of California Cities, <http://www.cacities.org/doc.asp?intParentID=4337>; Speaker's Commission on State/Local Govt. Finance, 2000, <http://speaker.metroforum.org/links.html>.

<sup>5</sup> Beginning in 1980-81, this chart shows the cumulative growth rate of each trend after adjusting for inflation. For net assessed value and taxable sales, the growth rates for each year shown on the graph are calculated using 1980-81 values as a base.

how these tax bases have grown over time. Similar to the statewide trends, net assessed value in most cities has grown much faster than taxable sales, and is also less volatile.



In July 2003, the State adopted a modified form of this tax swap proposal, often referred to as the “Triple Flip,” in its 2003-04 budget.<sup>6</sup> According to the Legislative Analyst’s Office:

Beginning in 2004-05, the budget package temporarily redirects a share of the local sales tax (equal to ½ of one percent of taxable sales) to the state to use to repay the deficit reduction bonds. The budget package offsets local sales tax losses (almost \$2.5 billion in 2004-05) by redirecting to cities and counties a commensurate amount of property taxes from the Educational Revenue Augmentation Fund (ERAF). Increased state education apportionments, in turn, will mitigate K-14 district revenue losses associated with the redirection of ERAF monies. This swap of sales for property taxes ends after the deficit reduction bonds are repaid.<sup>7</sup>

A crucial difference between the Triple Flip swap as enacted in the budget and the swap as proposed by AB1221 is that in the Triple Flip swap, the additional amount of property tax revenue allocated to local governments each fiscal year equals the amount collected

<sup>6</sup> ABX1 7, Section 10, 1<sup>st</sup> Special Session, August 2, 2003.

<sup>7</sup> [http://www.lao.ca.gov/2003/major\\_features\\_03-04/major\\_features\\_03-04.pdf](http://www.lao.ca.gov/2003/major_features_03-04/major_features_03-04.pdf), see p. 25.

from the ½ cent sales tax. This means the Triple Flip swap is revenue neutral for each city and county every year it is in effect. Under AB1221, revenue neutrality only occurs in the base year. In subsequent years, differential growth of the sales and property tax bases would determine how each city and county's tax revenues would grow.

The Triple Flip may make AB1221's proposed property/sales tax swap unlikely for as long as the Triple Flip remains in effect. But the question remains: After the Triple Flip ends, should local revenues revert to the arrangement that existed before this year's budget (FY 2003-04), or should an arrangement such as the swap proposed in AB 1221 be the replacement?

**Data Sources:**

State Board of Equalization, *Taxable Sales in California (Sales and Use Tax)*, Annual Reports from various years.

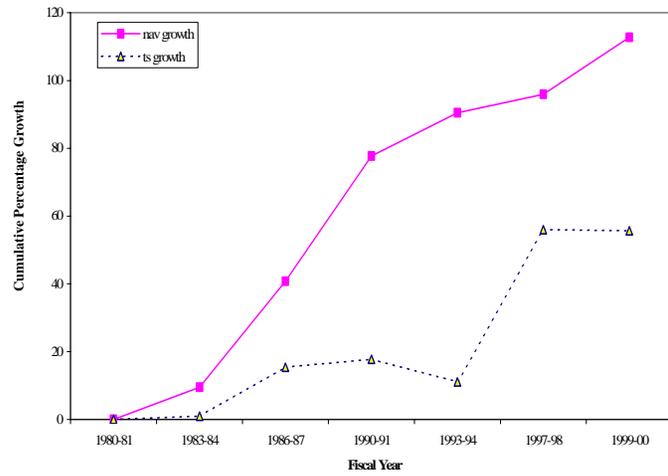
California State Controller, *Financial Transactions Concerning Cities in California*, Annual Reports from various years.

**Acknowledgements:**

*The author would like to thank Dean Mischynski, Director of the California Research Bureau, and Michael Coleman, Coleman Advisory Services, for their assistance on this project. Many thanks to Trina Dangberg of the California Research Bureau for data entry and help with making charts and formatting the document. Roz Dick of the California Research Bureau also helped with data entry.*

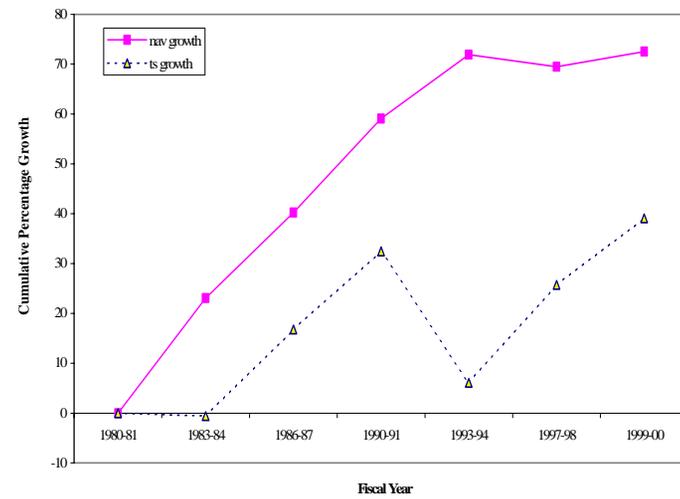
### Alameda

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



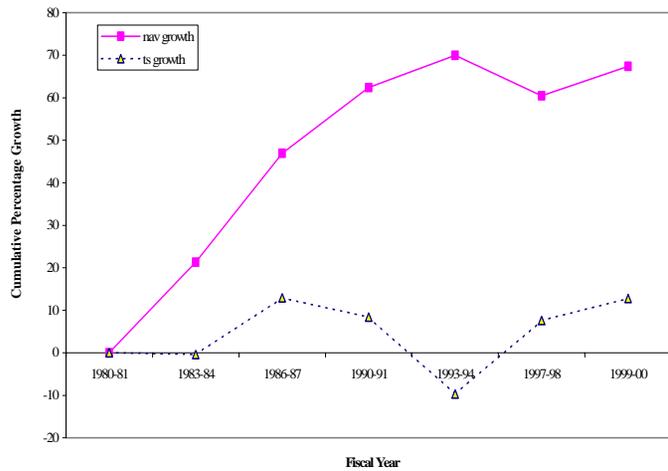
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



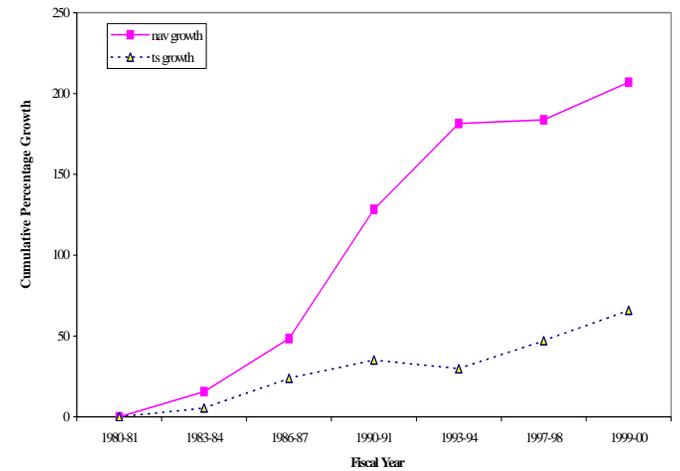
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



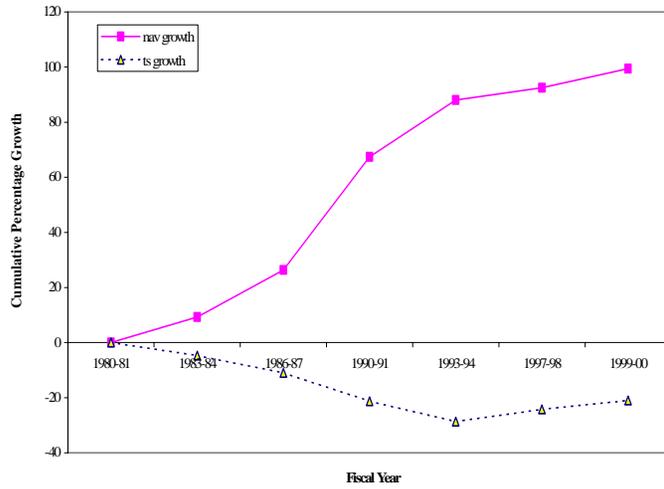
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



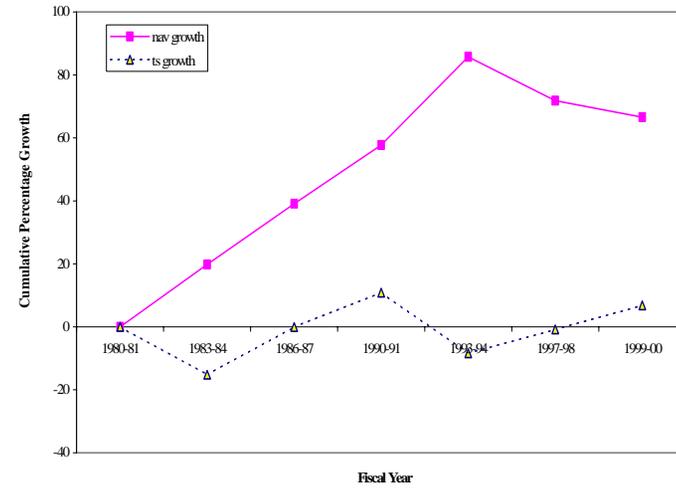
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



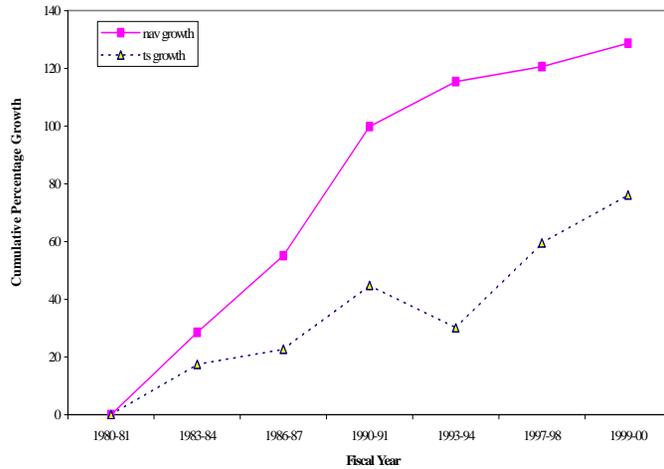
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



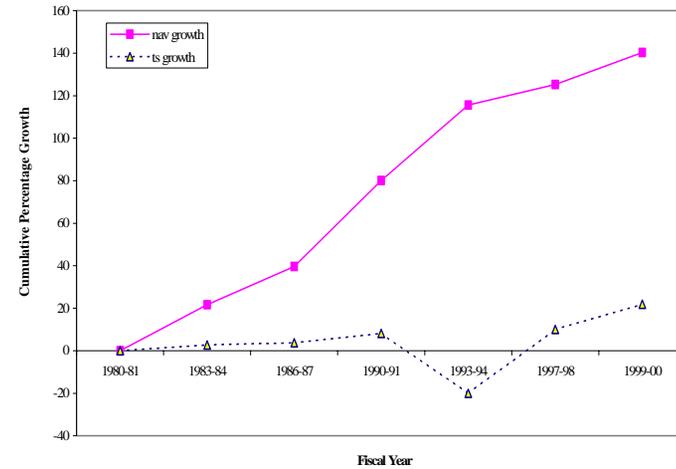
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



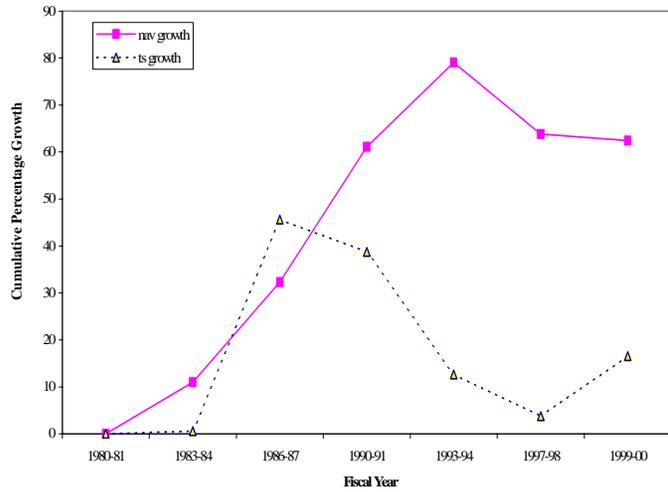
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



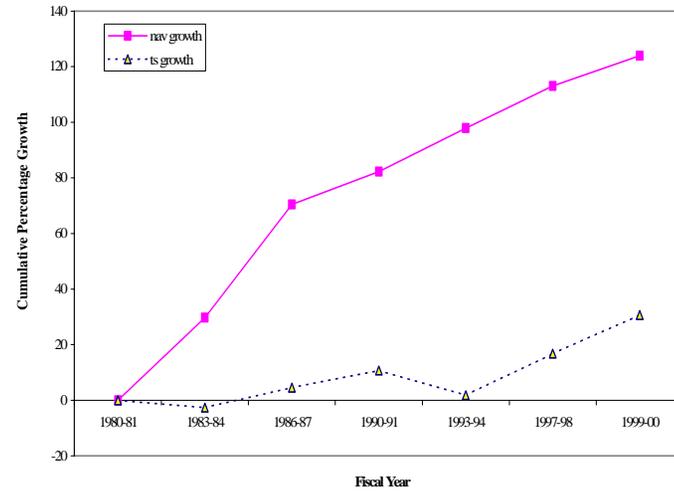
**Azusa**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



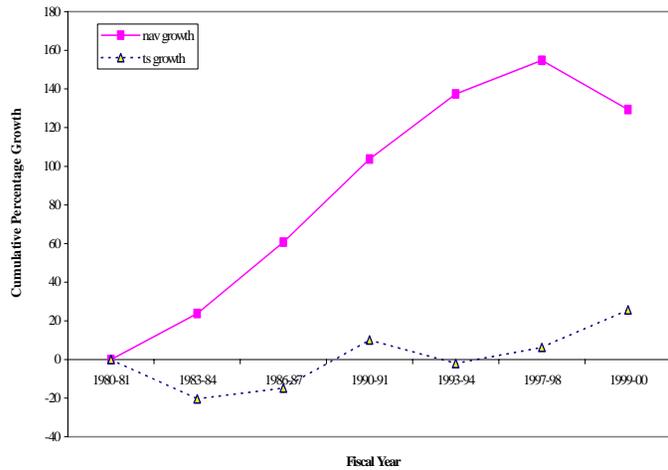
**Bakersfield**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



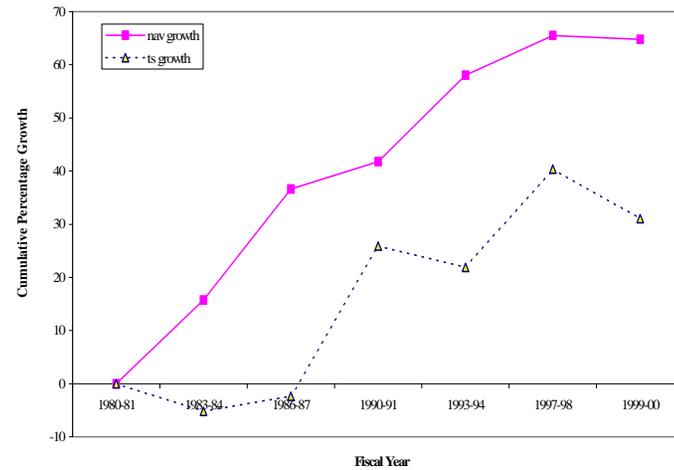
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



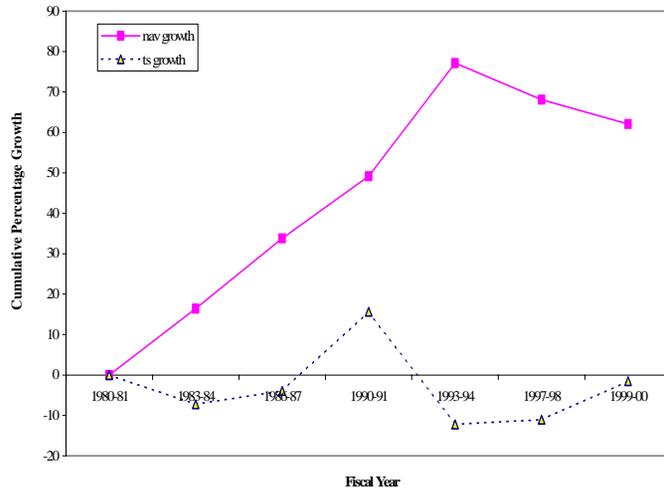
**Barstow**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



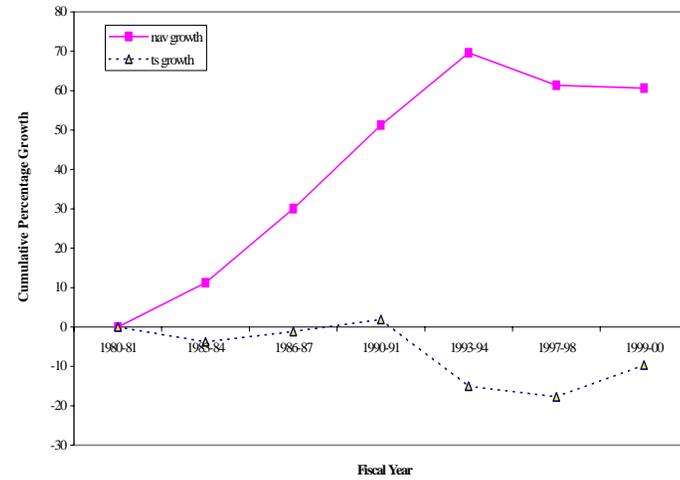
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



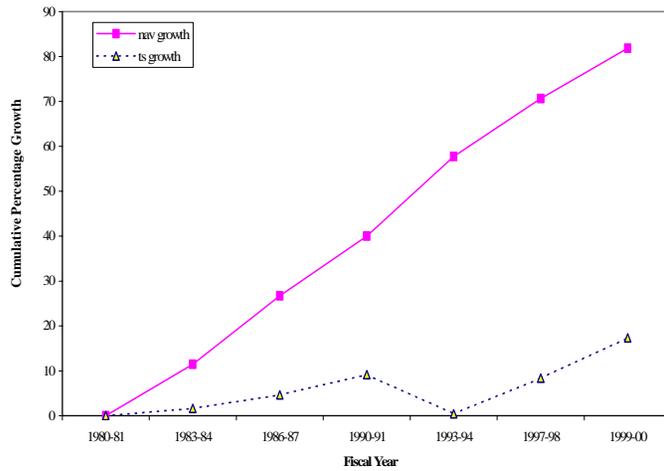
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



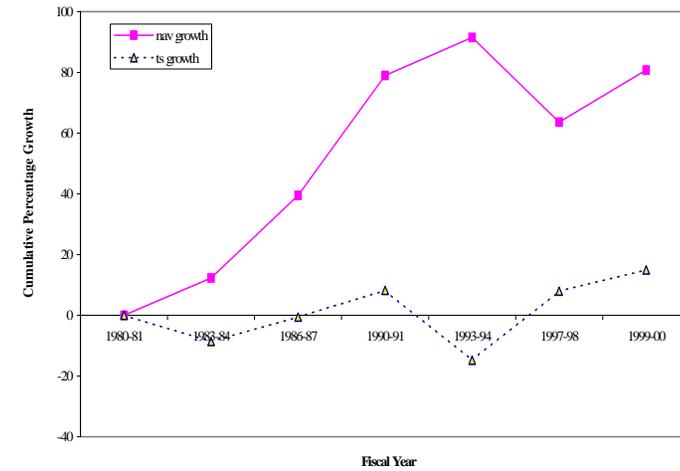
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



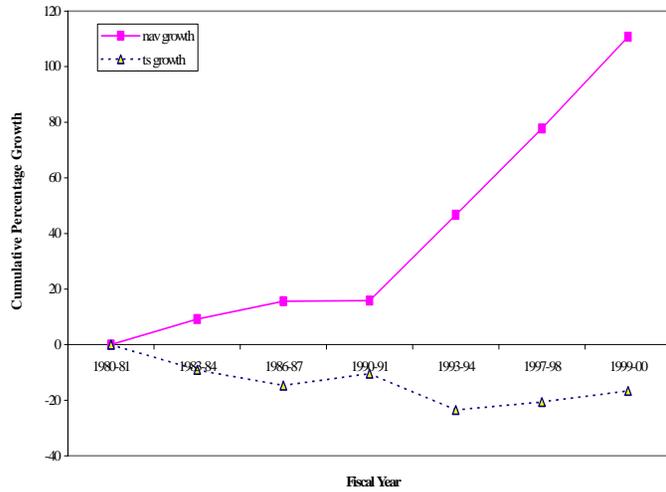
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



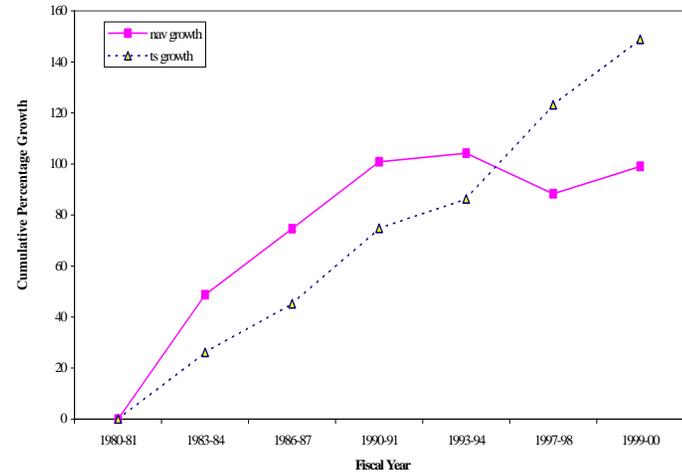
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



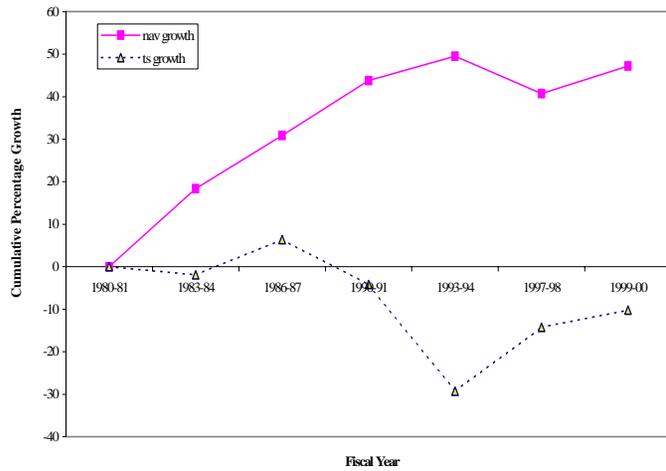
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



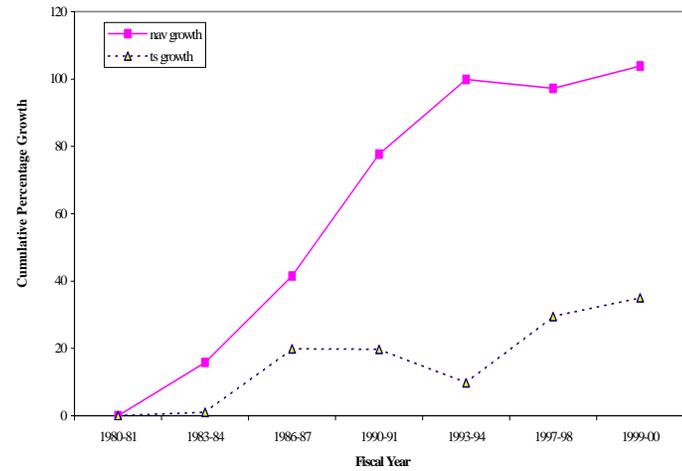
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



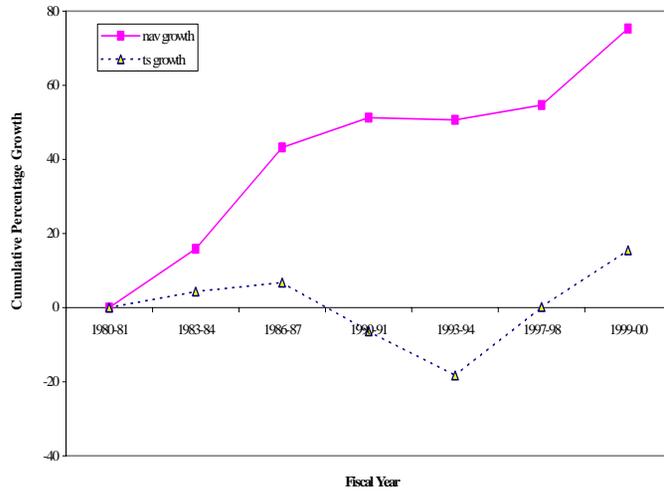
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



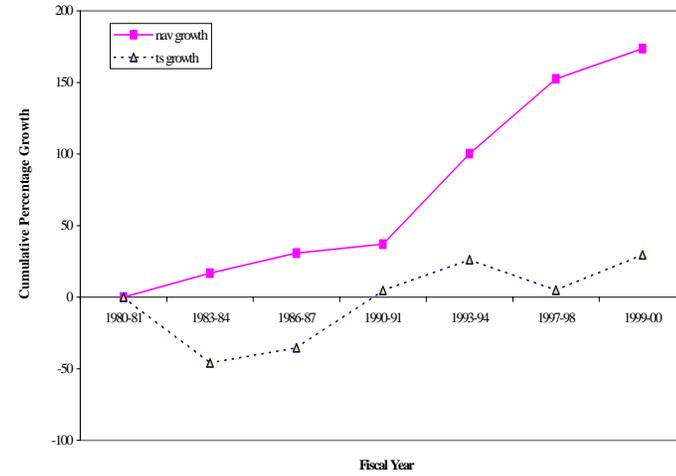
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



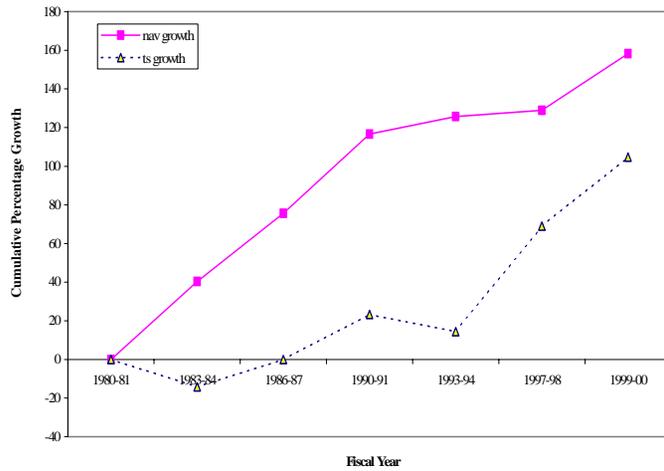
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



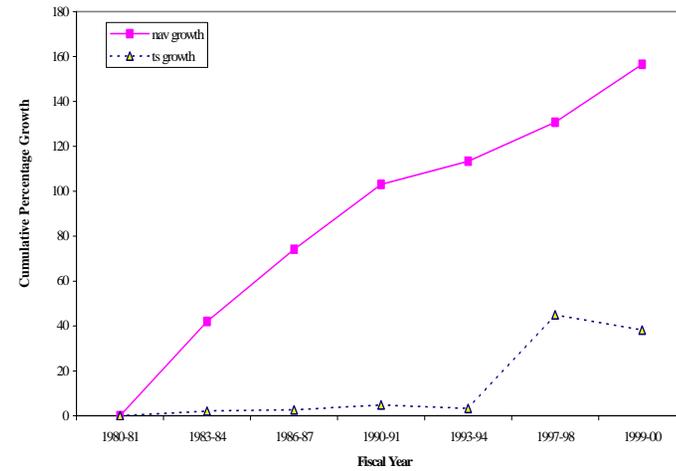
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



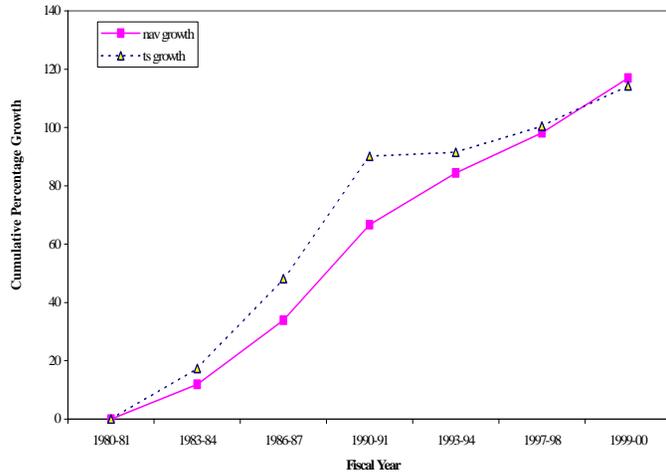
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



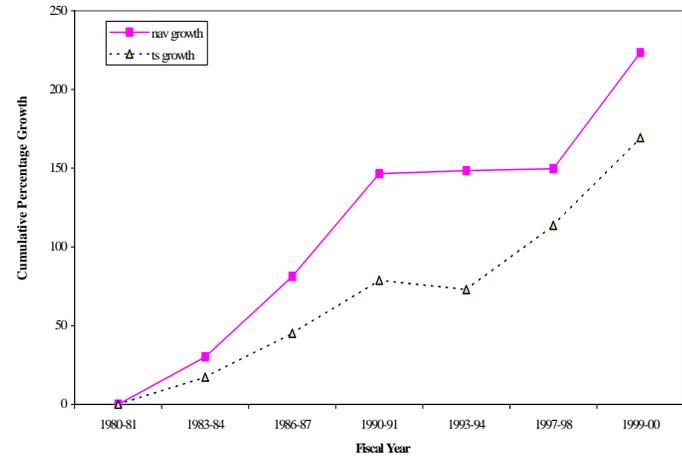
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



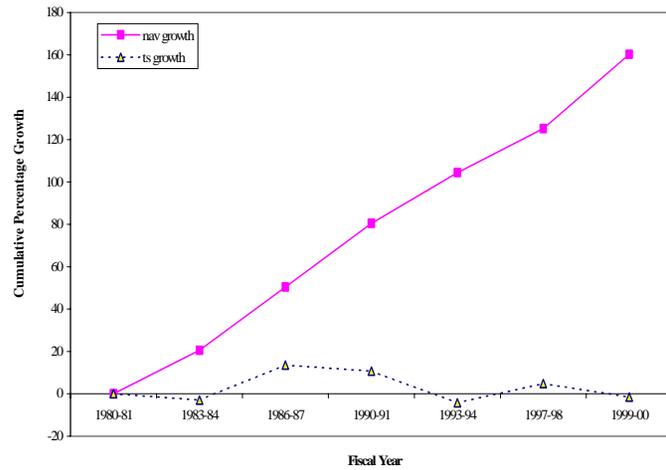
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



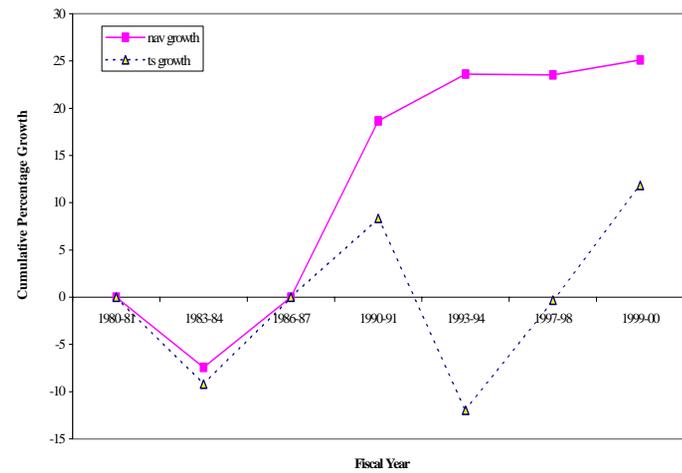
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



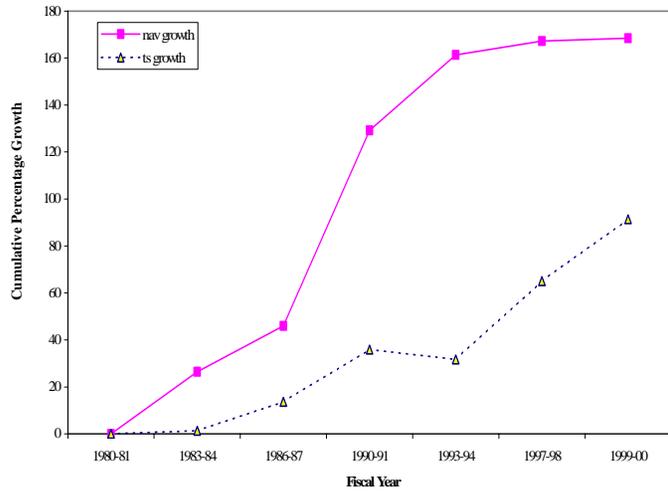
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



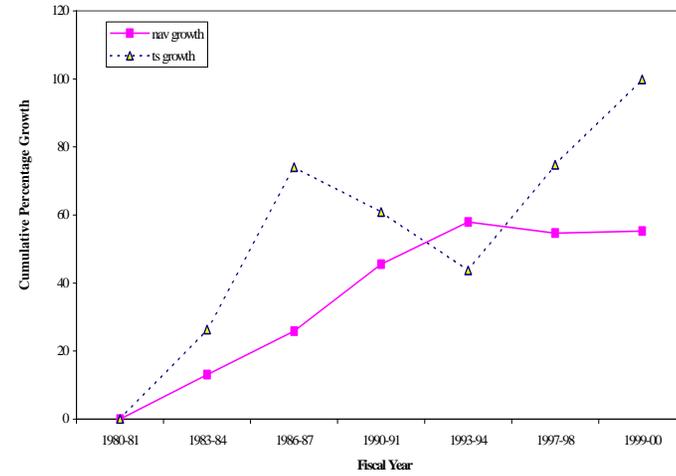
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



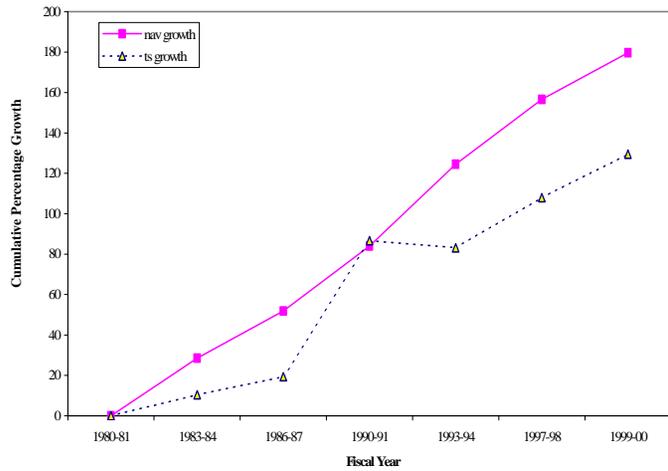
### Cerritos

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



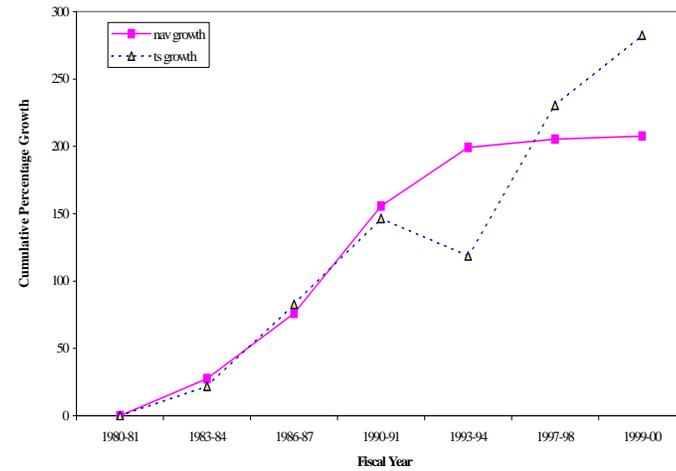
### Chico

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



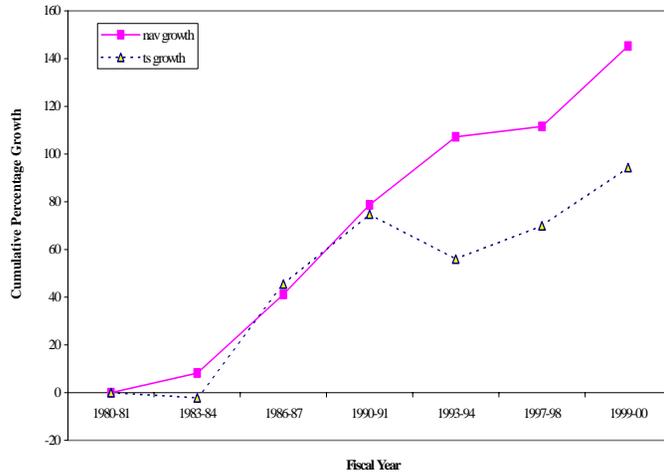
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



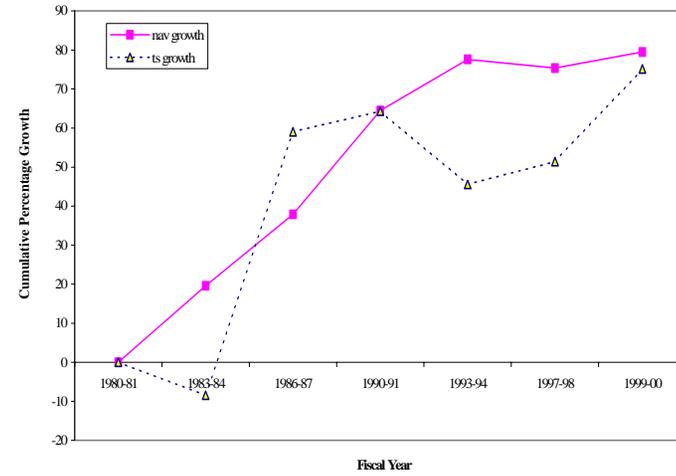
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



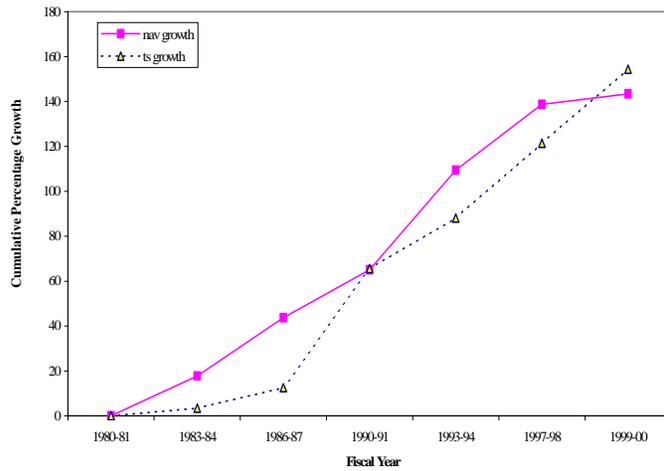
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



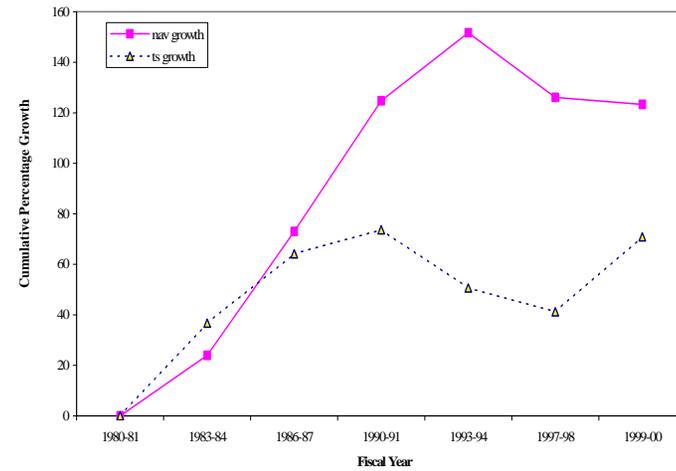
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



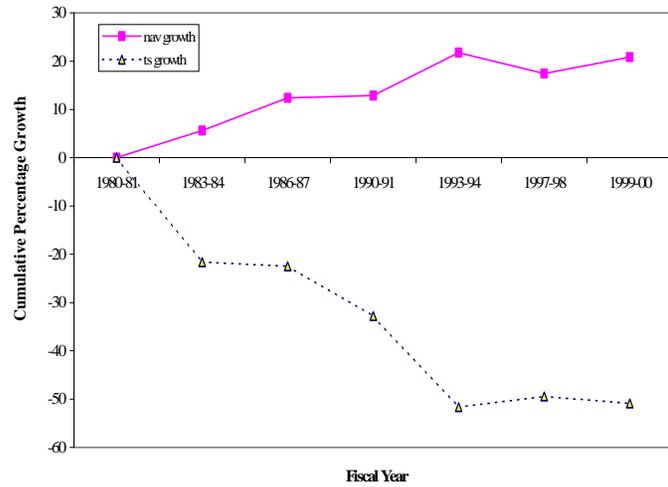
### Colton

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



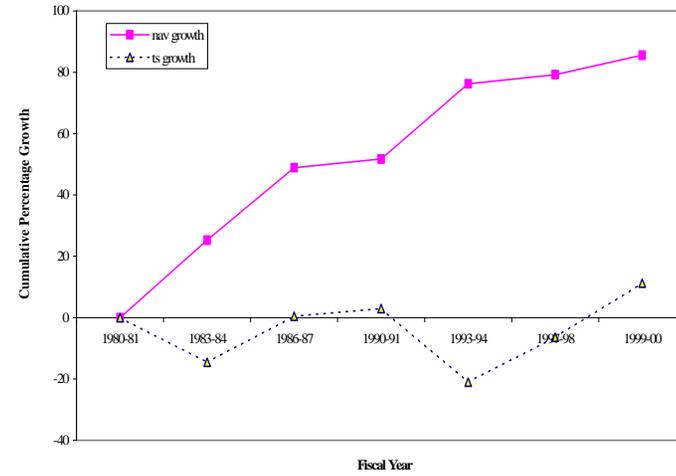
### Commerce

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



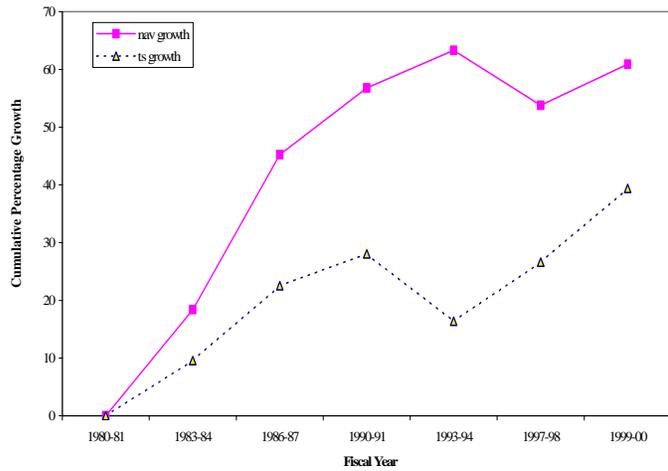
### Compton

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



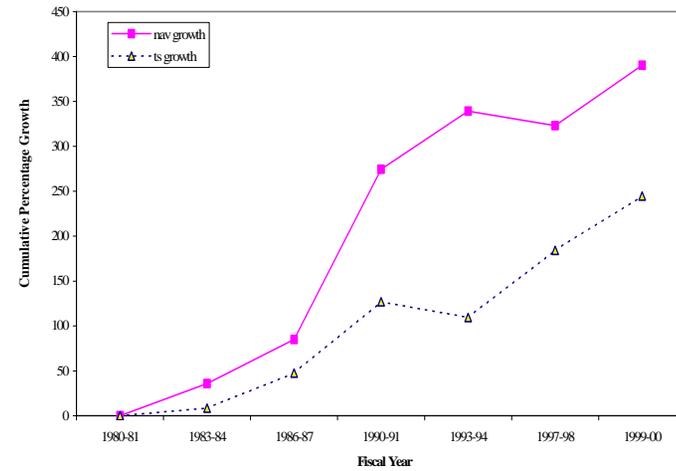
### Concord

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



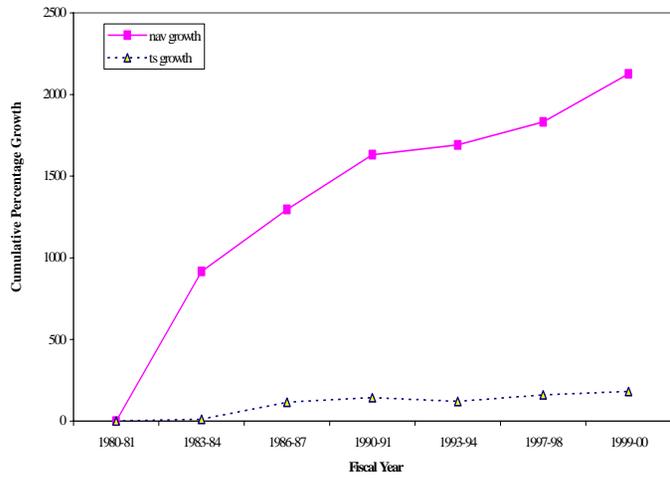
### Corona

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



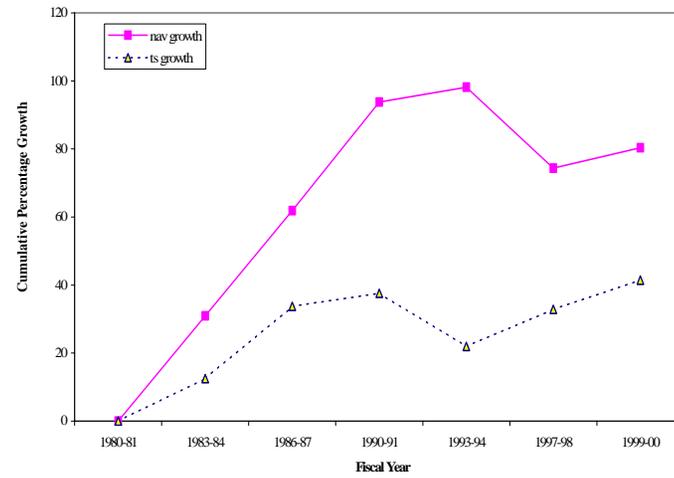
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



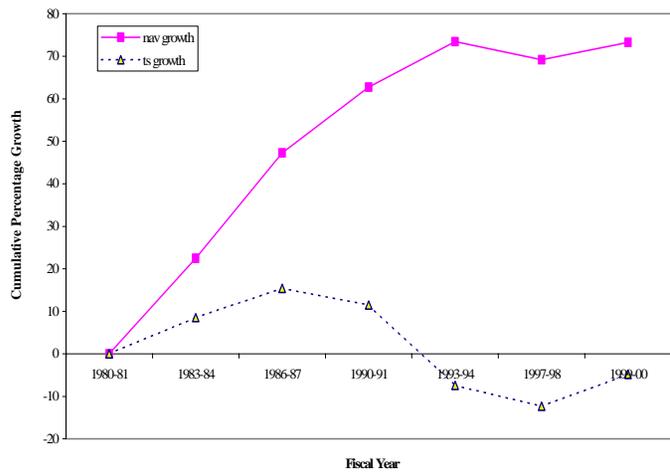
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



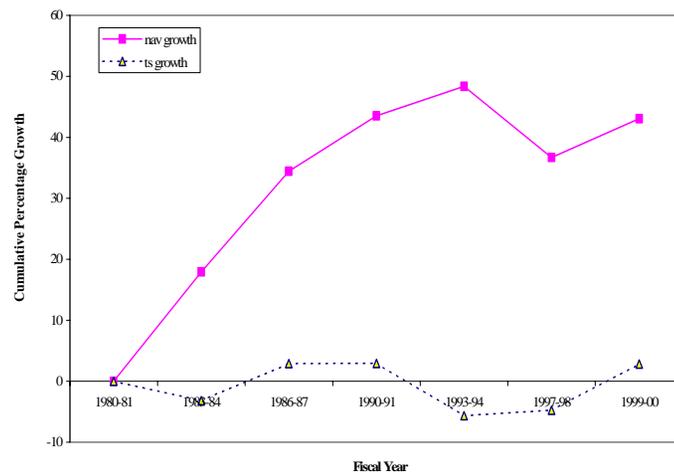
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



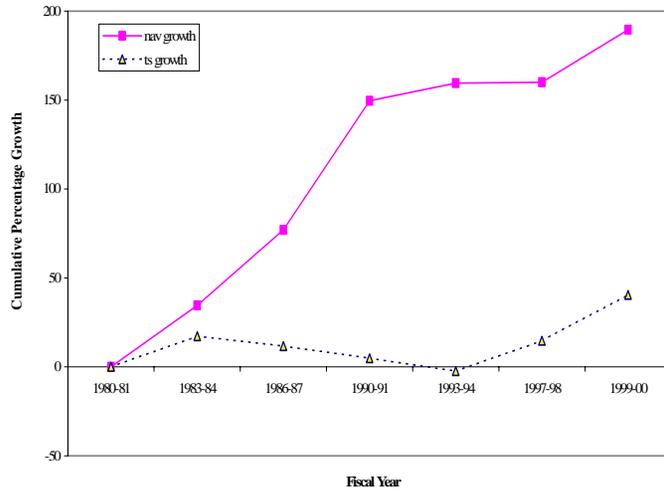
### Culver City

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



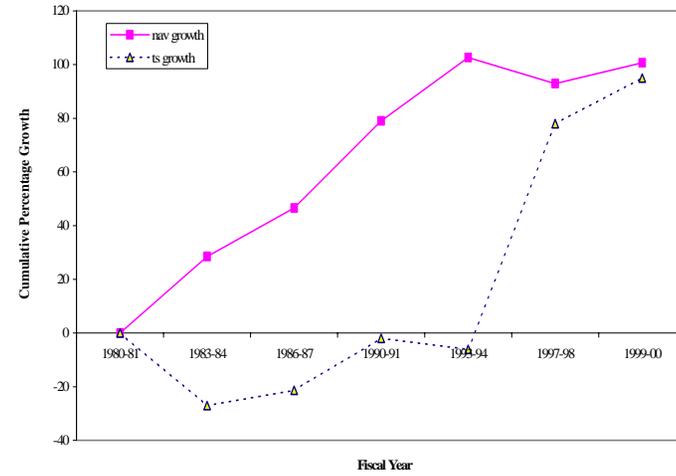
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



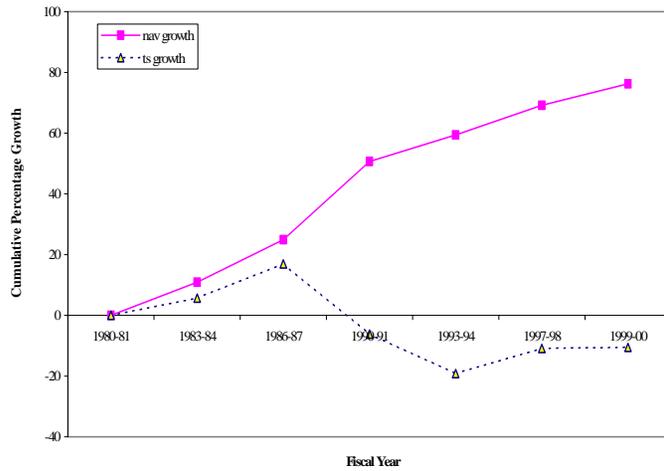
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



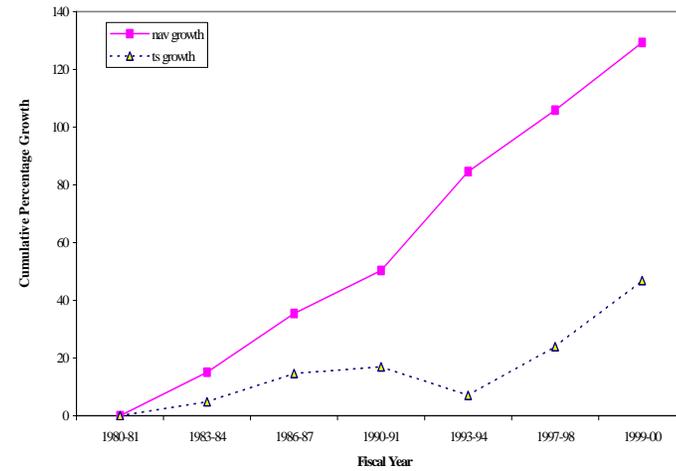
### Daly City

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



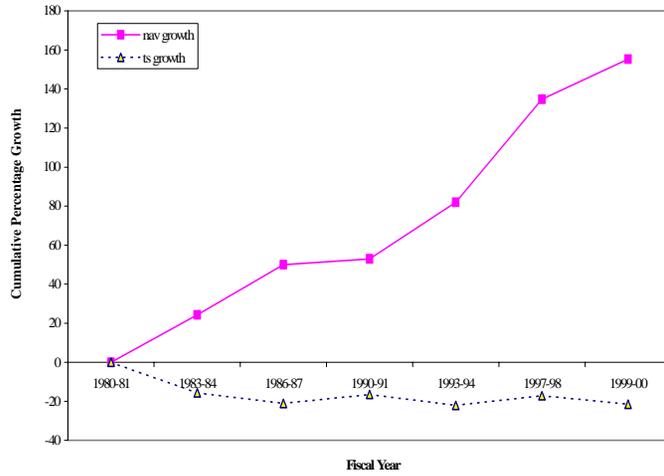
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



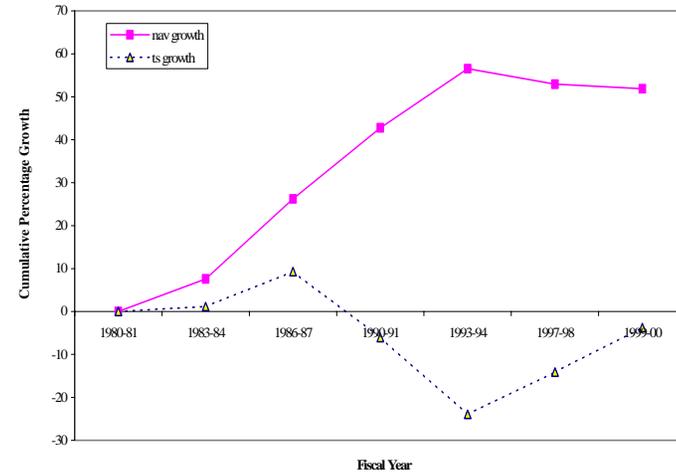
**Delano**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



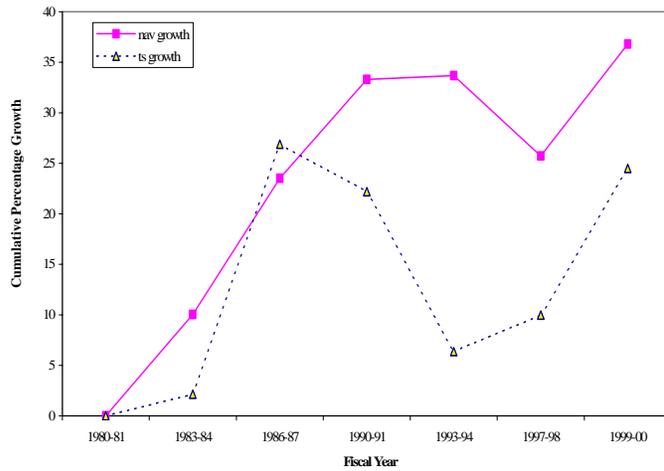
**Downey**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



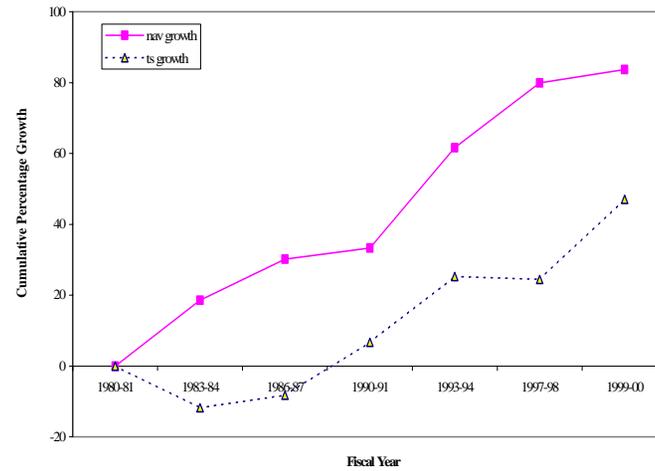
**El Cajon**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



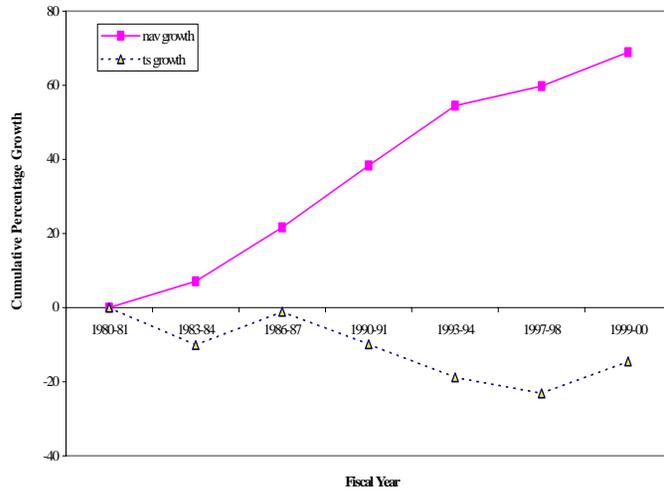
**El Centro**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



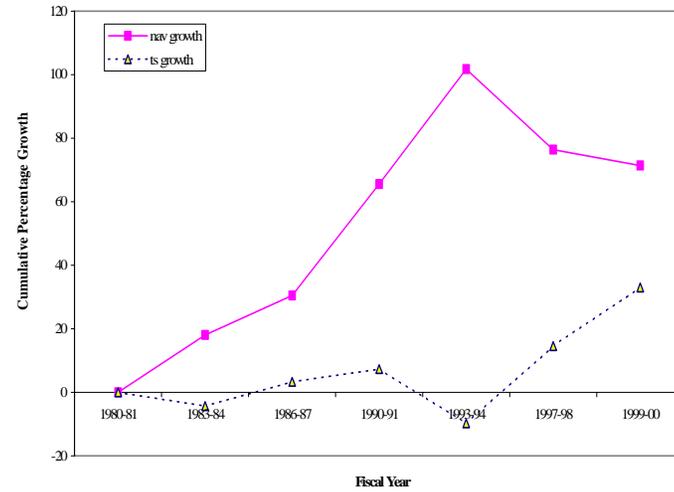
### El Cerrito

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



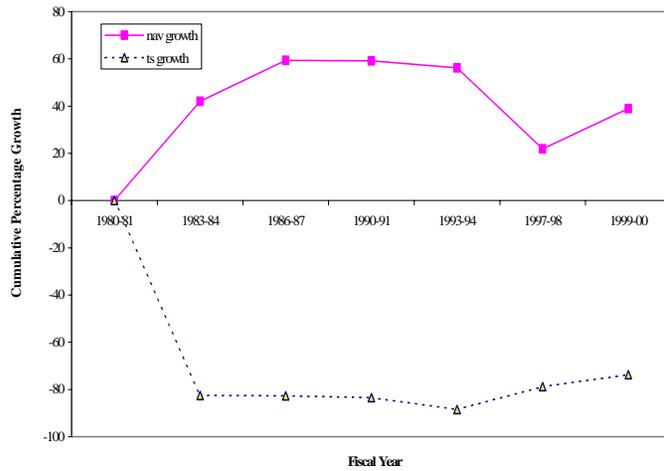
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



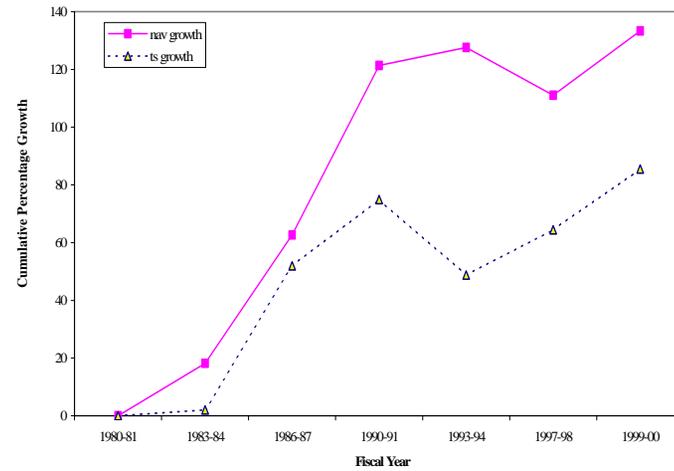
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



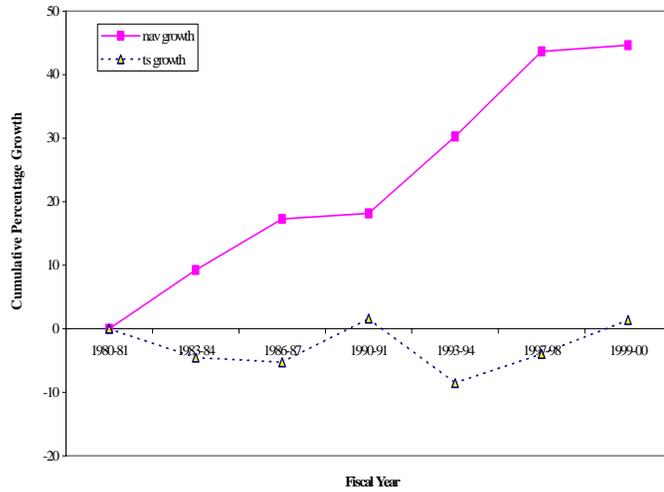
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



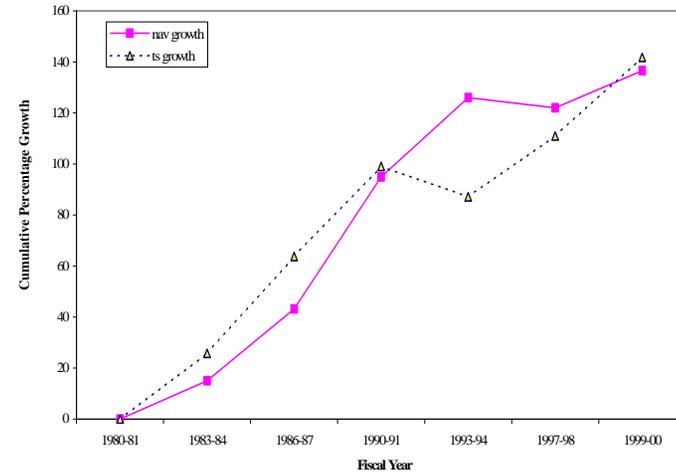
### Eureka

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



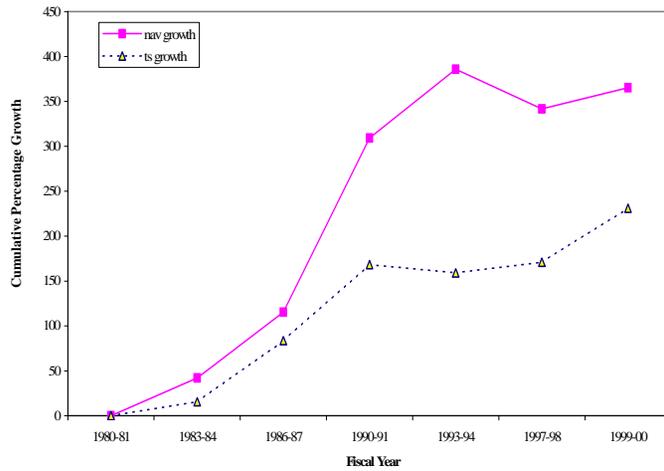
### Fairfield

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



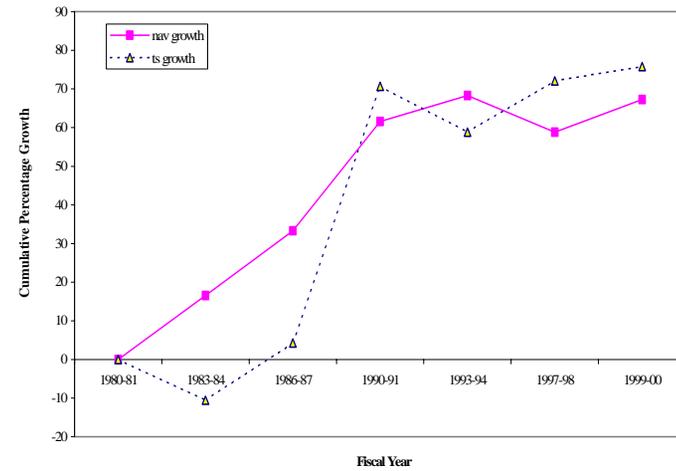
### Fontana

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



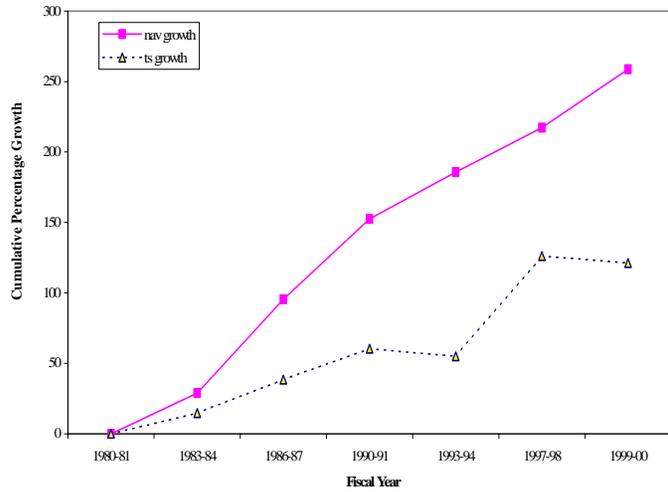
### Fountain Valley

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



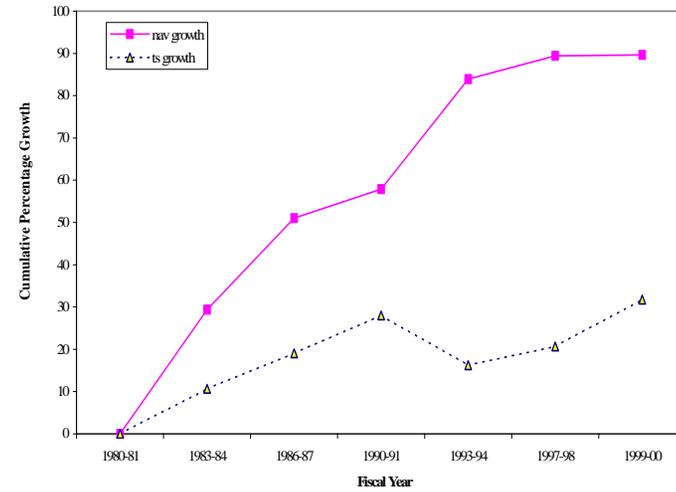
### Fremont

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



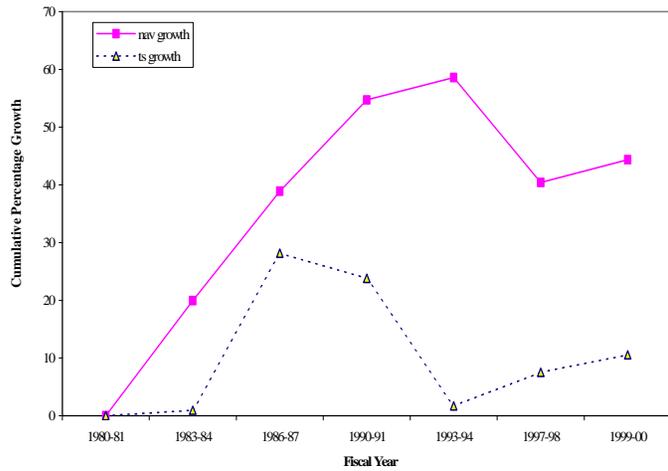
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Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



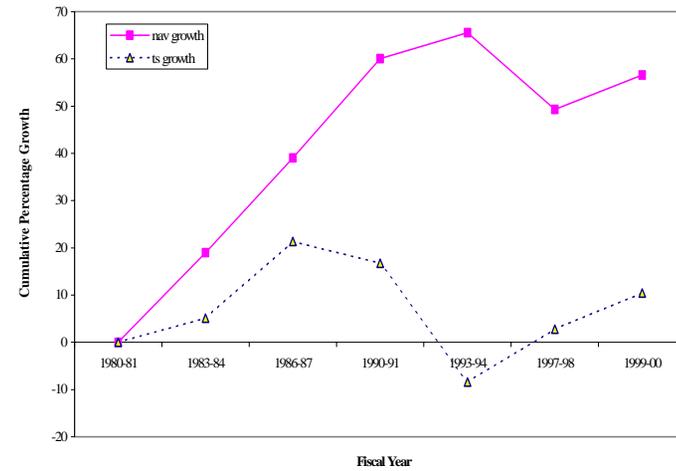
### Fullerton

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



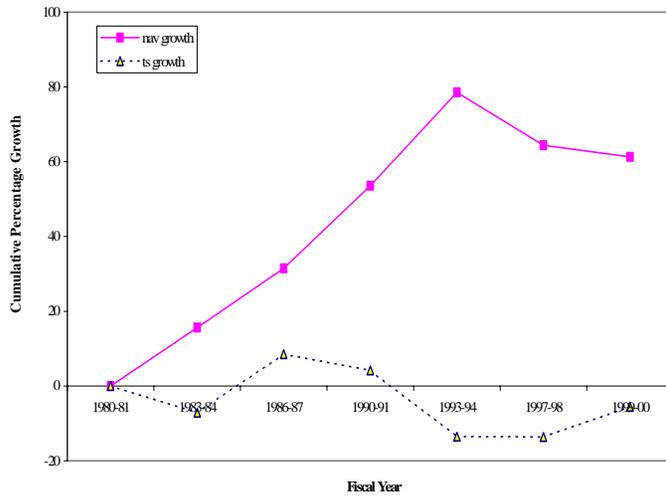
### Garden Grove

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



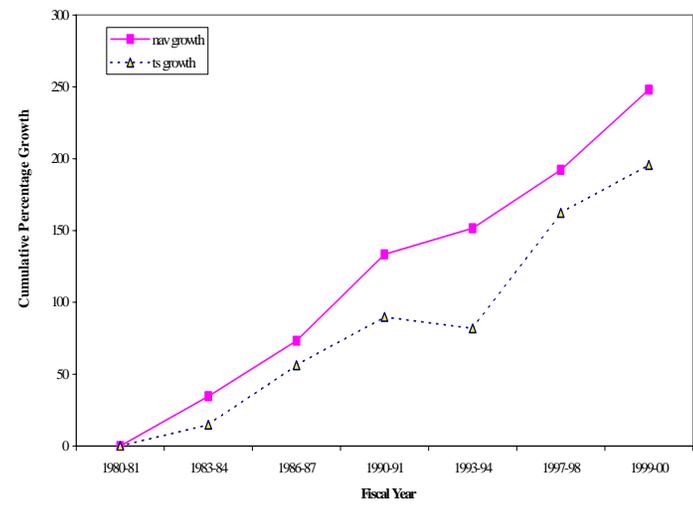
### Gardena

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



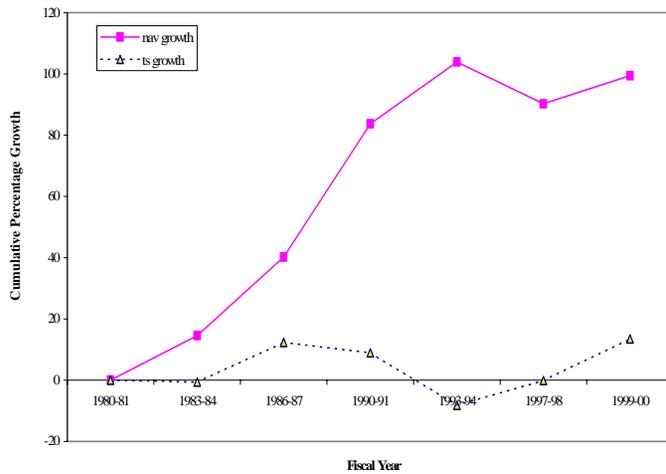
### Gilroy

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



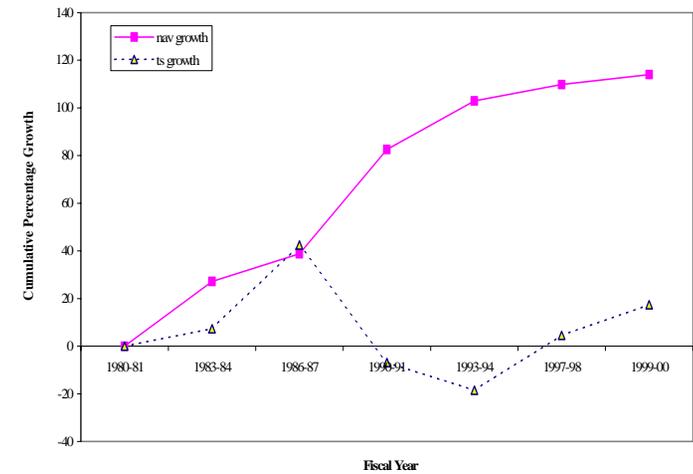
### Glendale

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



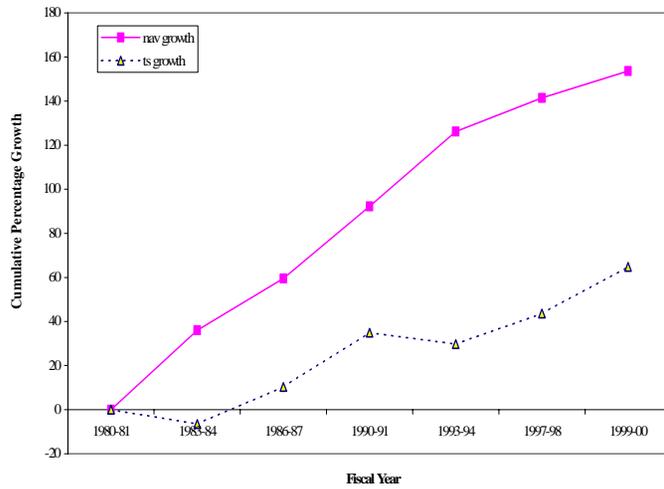
### Glendora

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



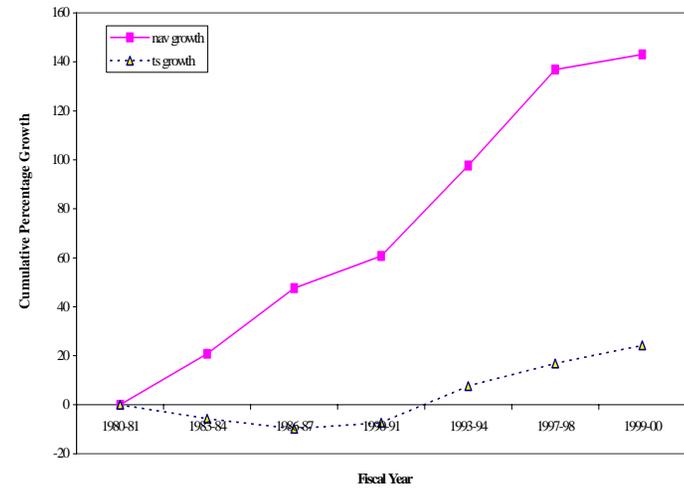
### Grass Valley

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



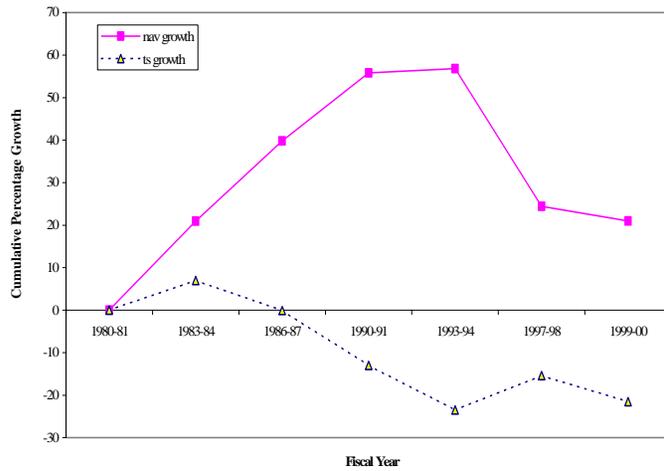
### Hanford

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



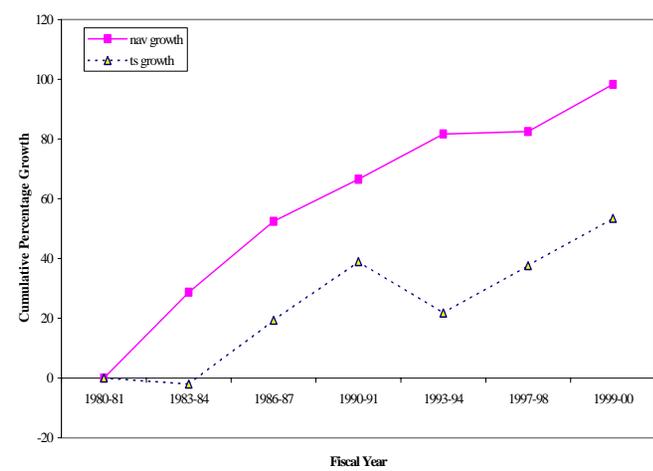
### Hawthorne

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



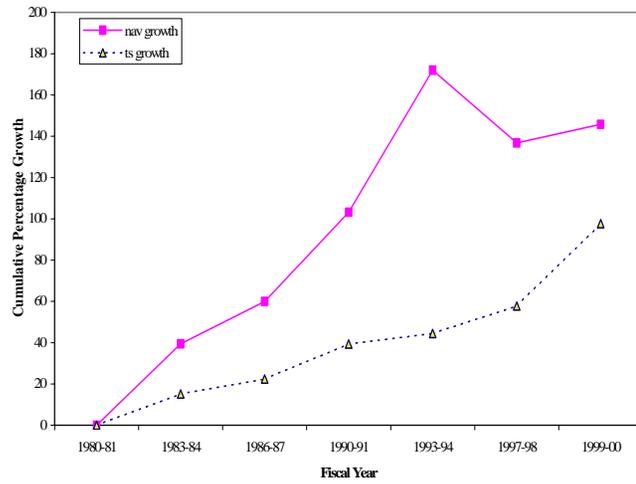
### Hayward

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



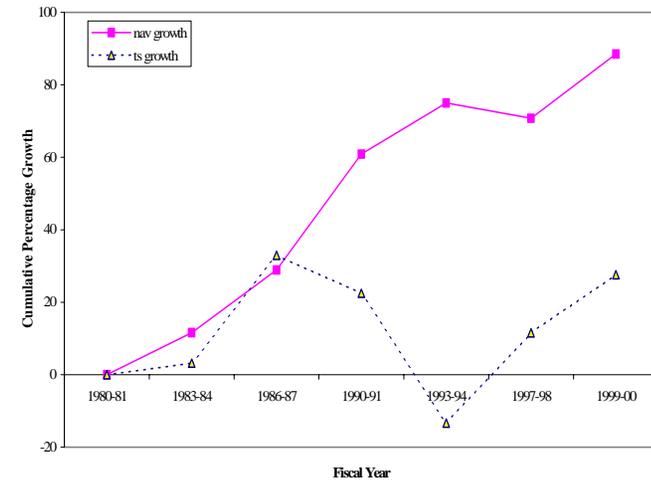
### Henet

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



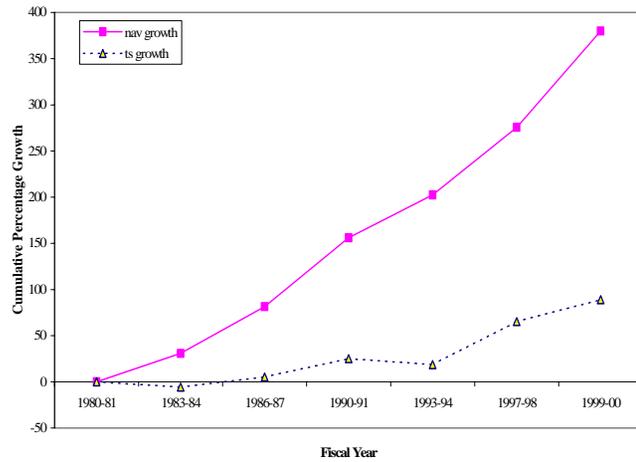
### Hermosa Beach

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



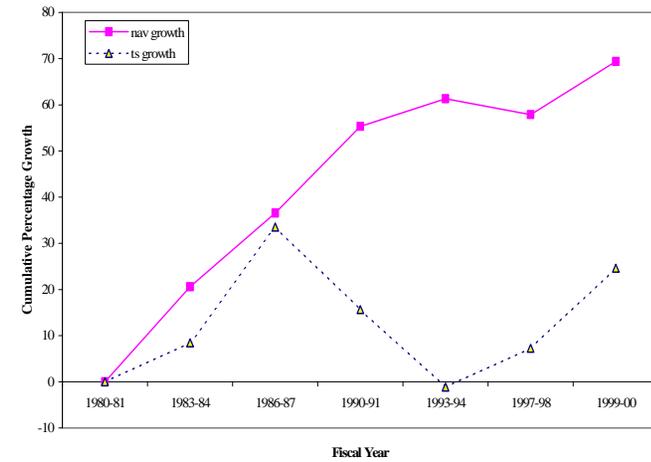
### Hollister

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



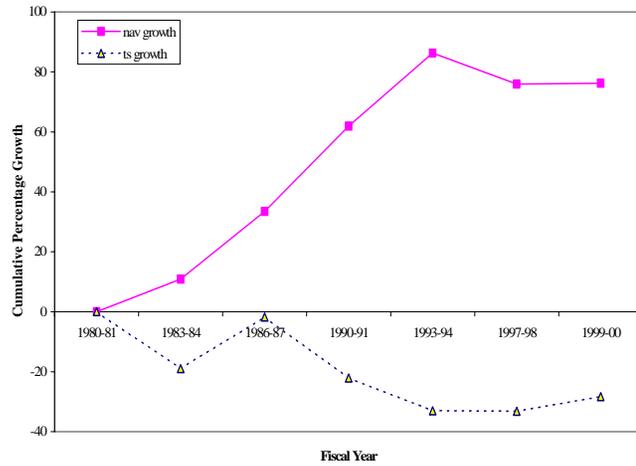
### Huntington Beach

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



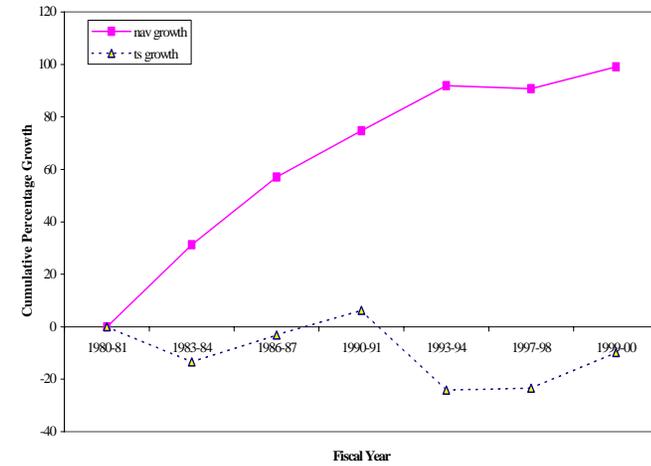
### Hunting Park

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



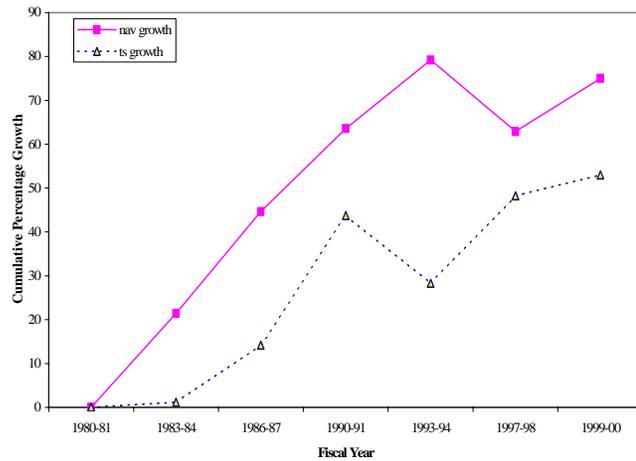
### Indio

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



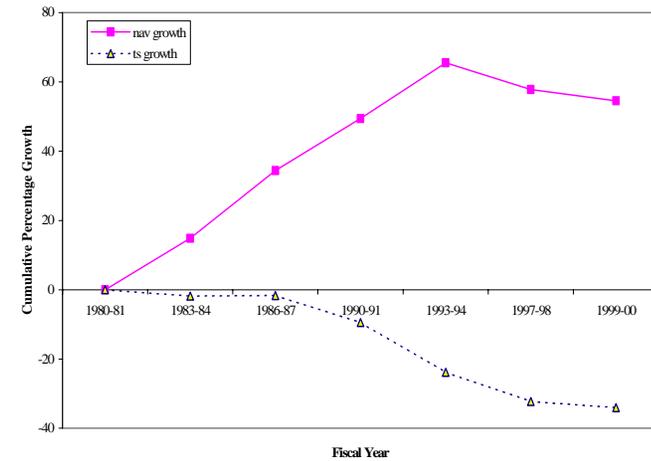
### Industry

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980

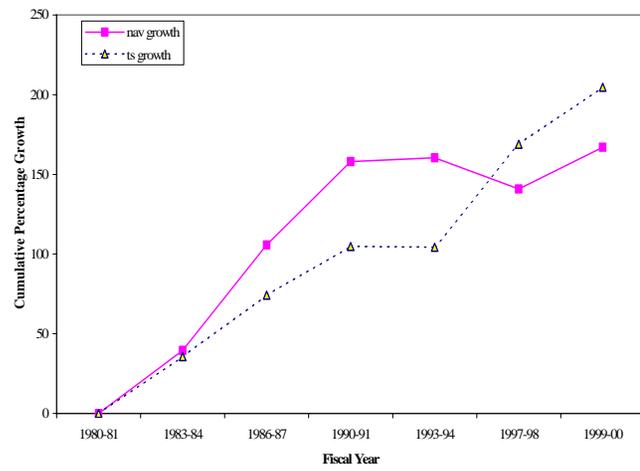


### Inglewood

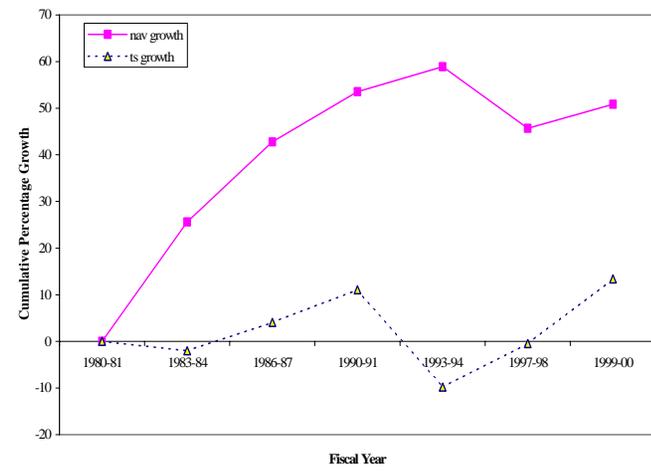
Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



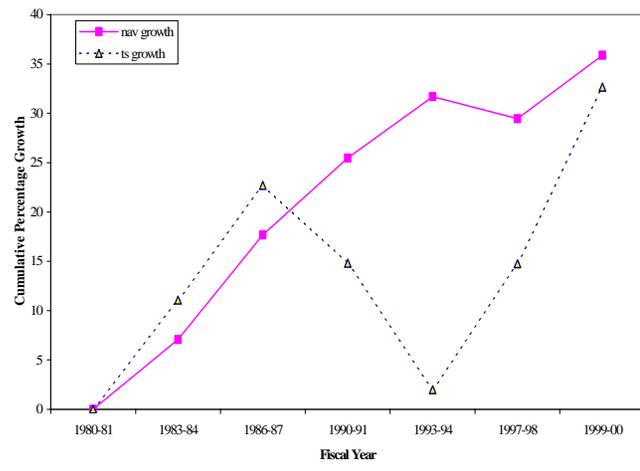
**Irvine**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980



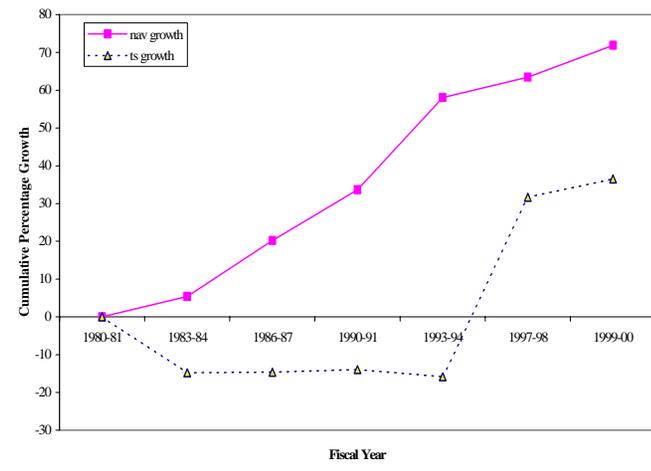
**La Habra**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980



**La Mesa**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980

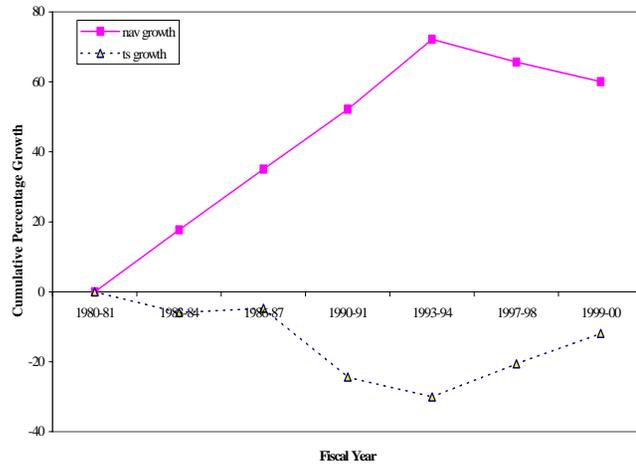


**La Mirada**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980



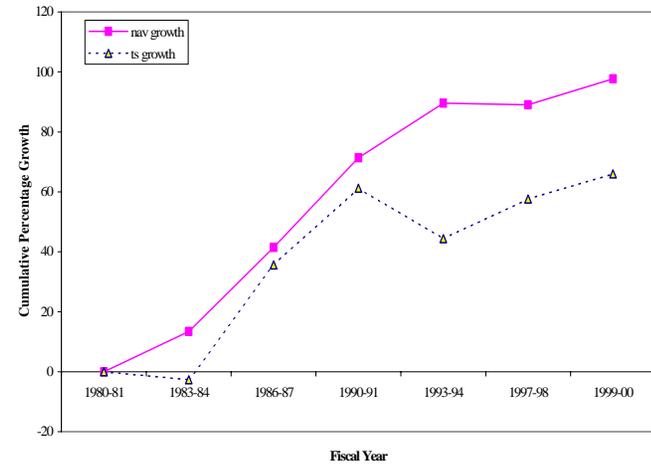
### La Puente

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



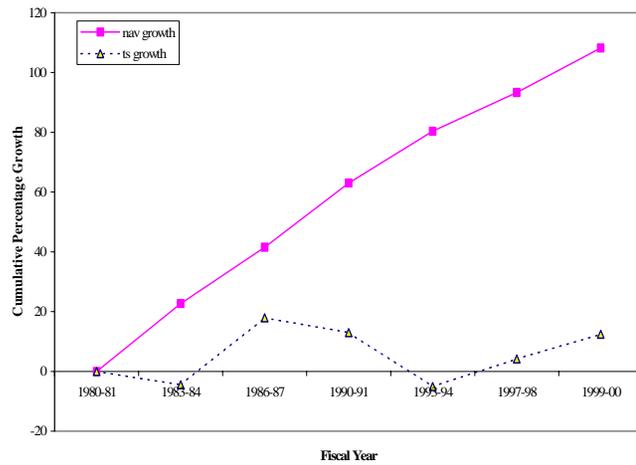
### La Verne

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



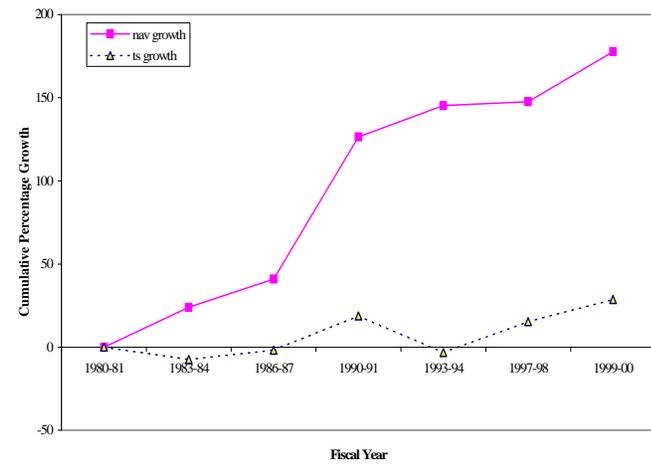
### Lafayette

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



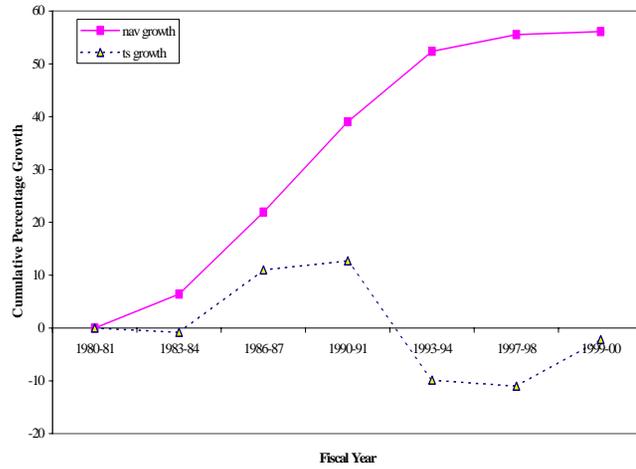
### Laguna Beach

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



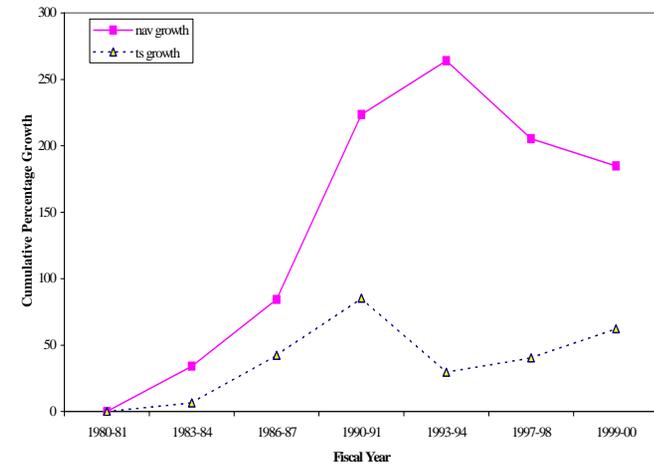
### Lakewood

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



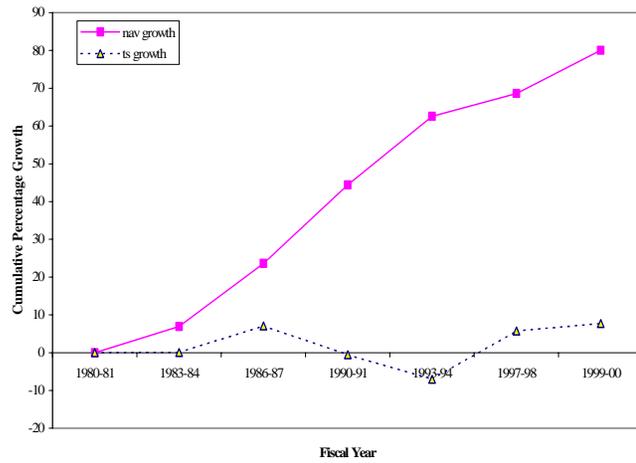
### Lancaster

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



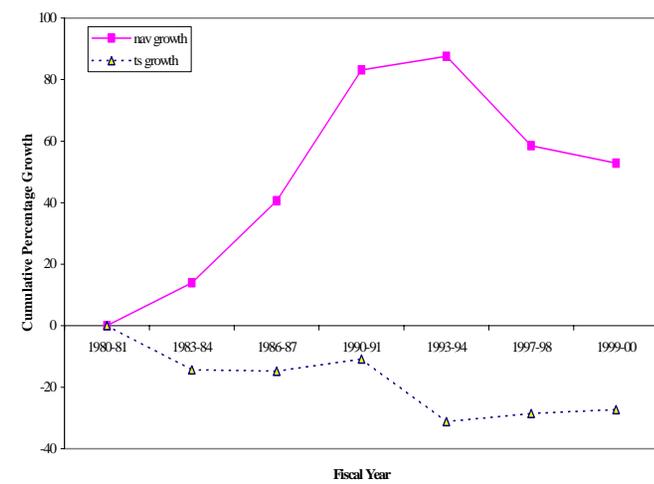
### Larkspur

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



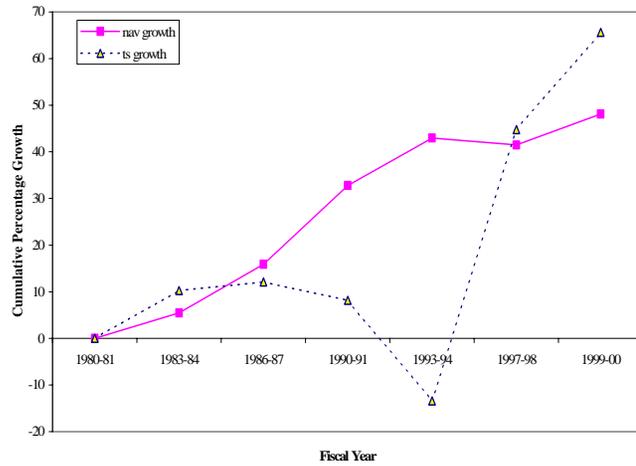
### Lawndale

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



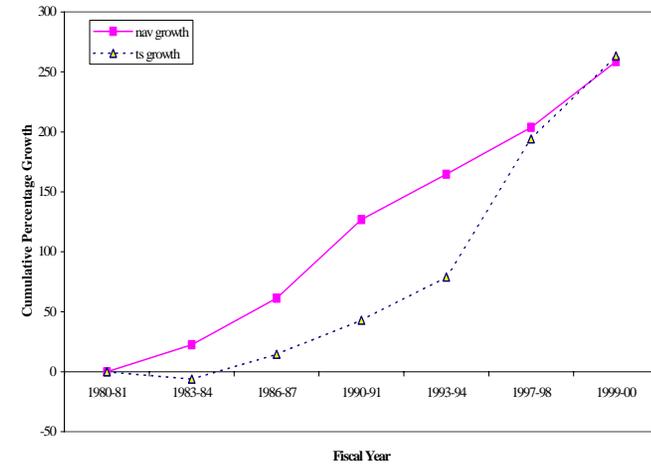
### Lemon Grove

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



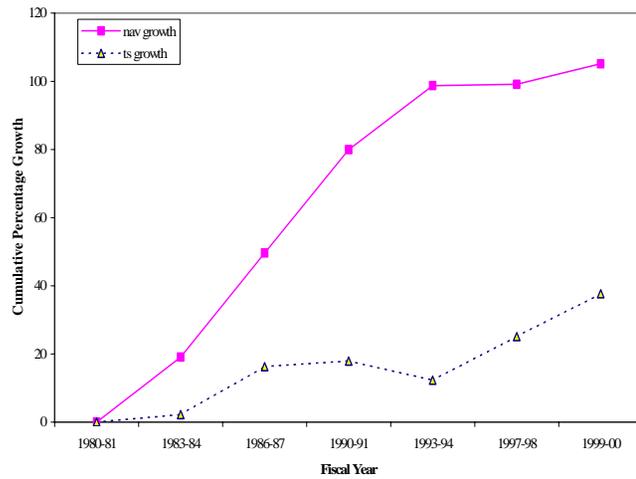
### Livermore

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



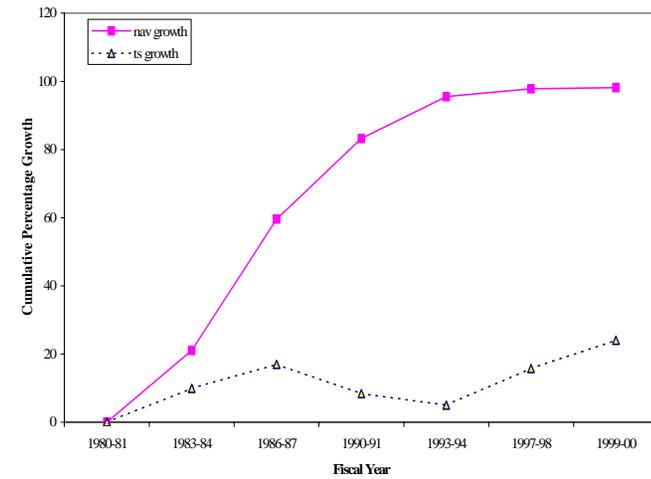
### Lodi

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



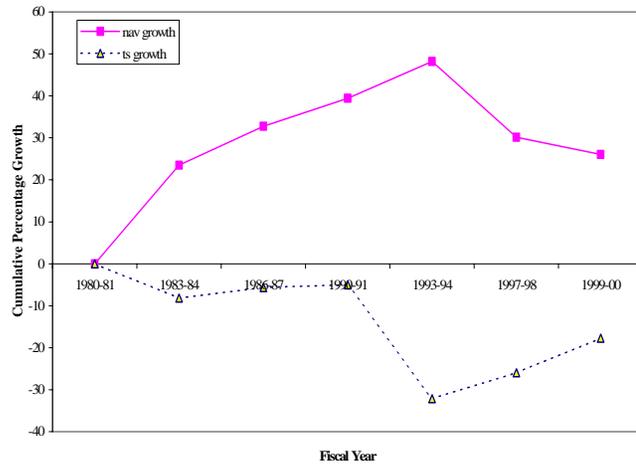
### Lompoc

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



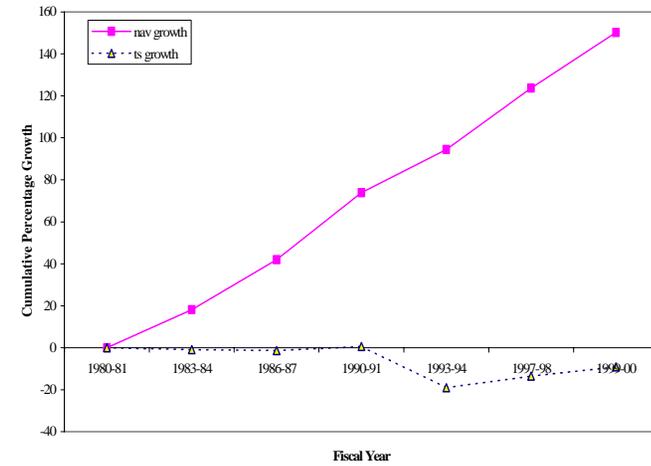
### Long Beach

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



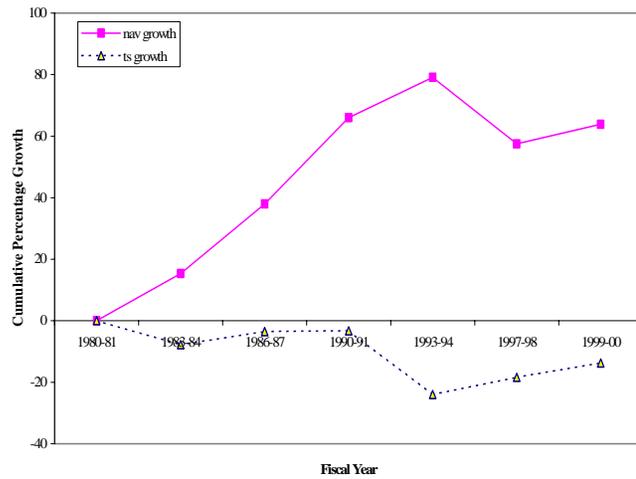
### Los Altos

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



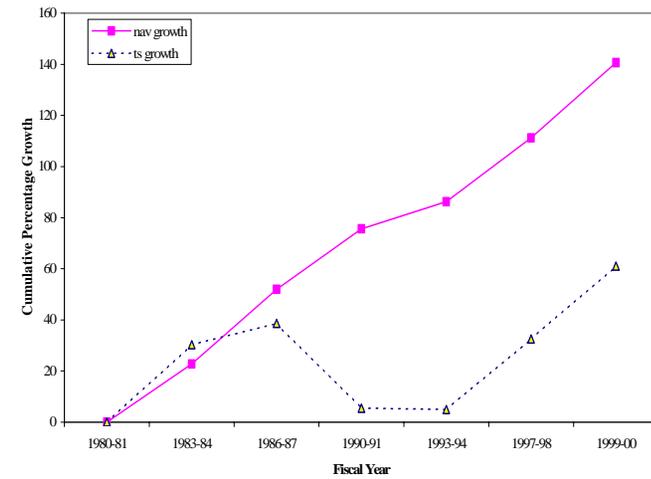
### Los Angeles

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



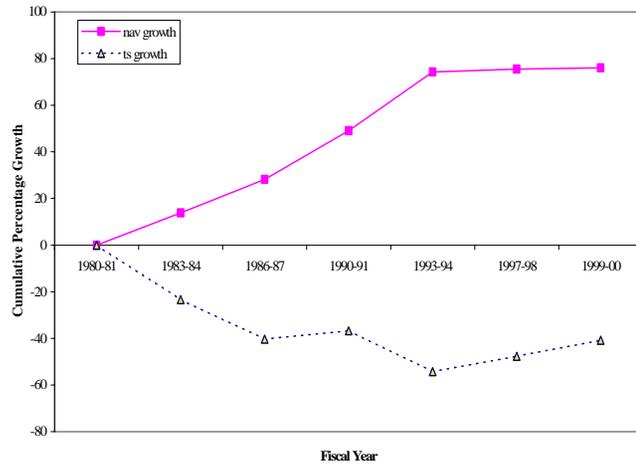
### Los Gatos

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



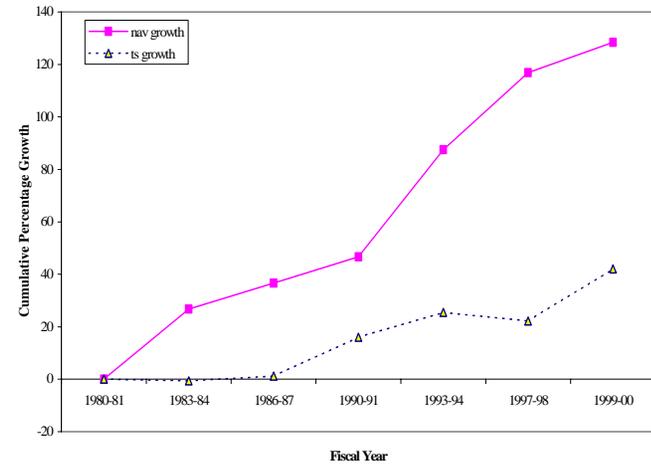
**Lynwood**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



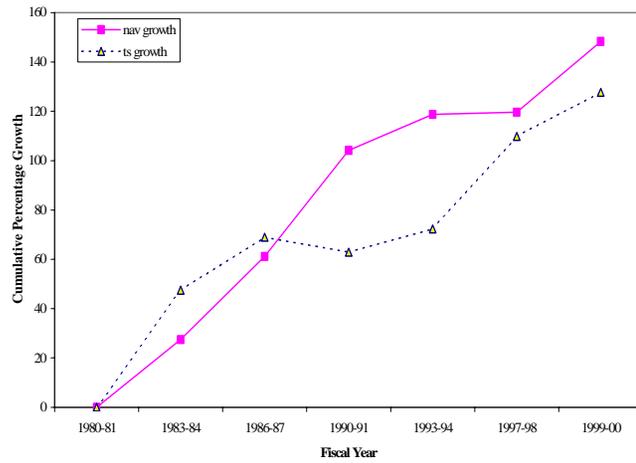
**Madera**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



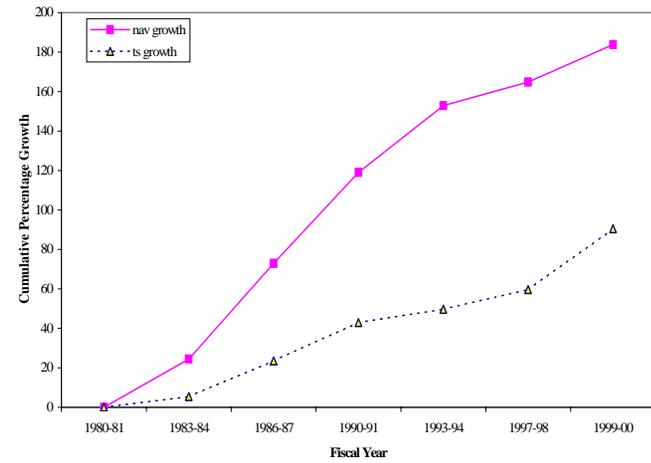
**Manhattan Beach**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



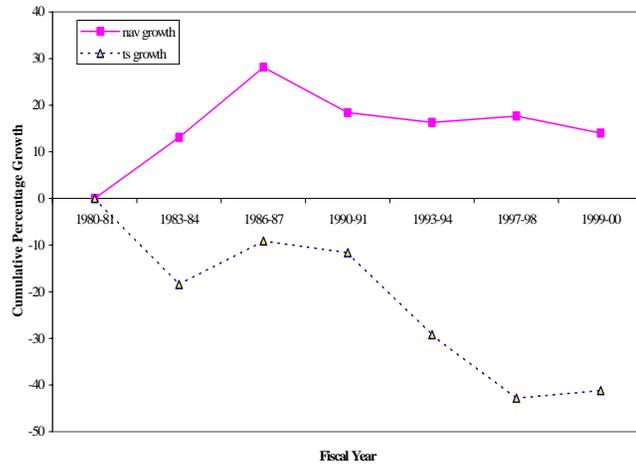
**Manteca**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



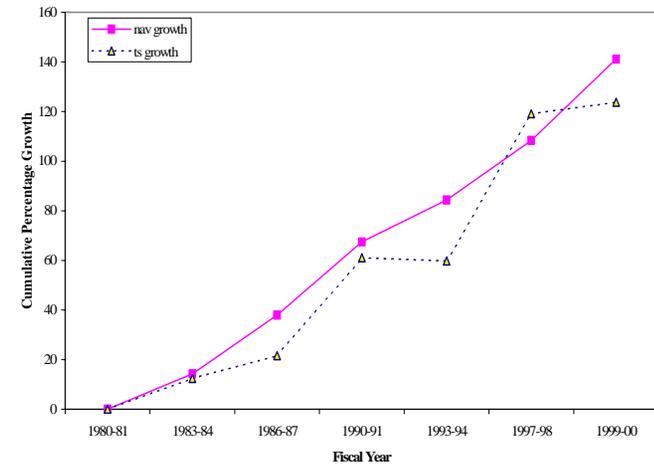
### Marysville

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



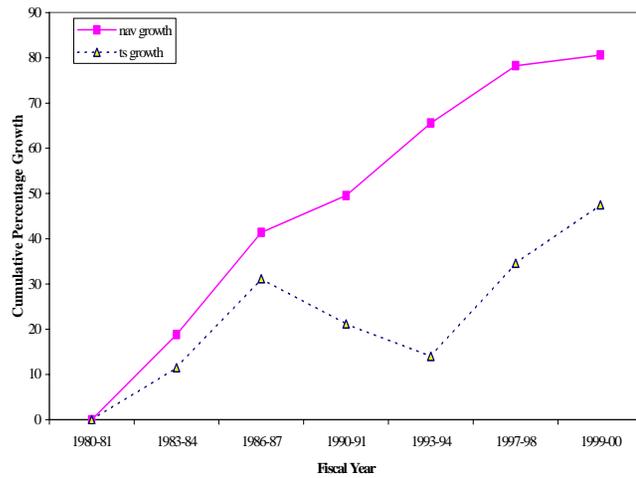
### Menlo Park

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



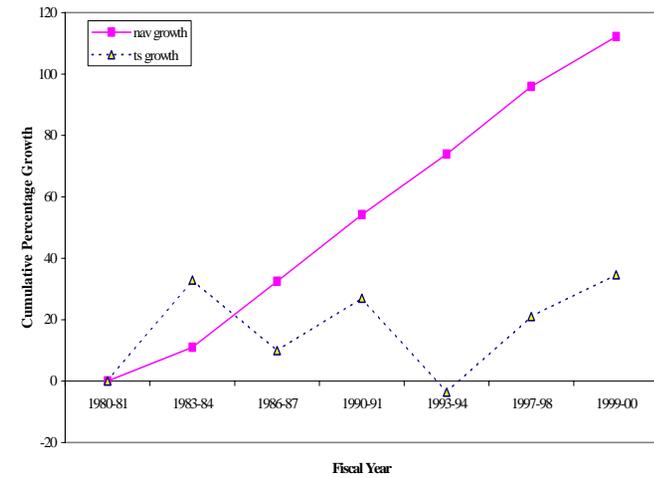
### Merced

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



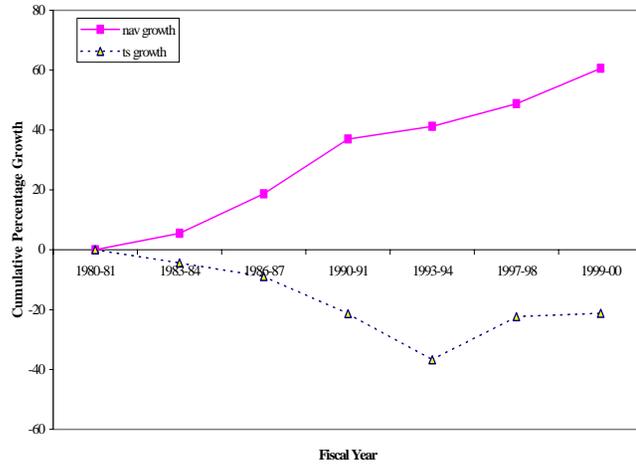
### Mill Valley

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



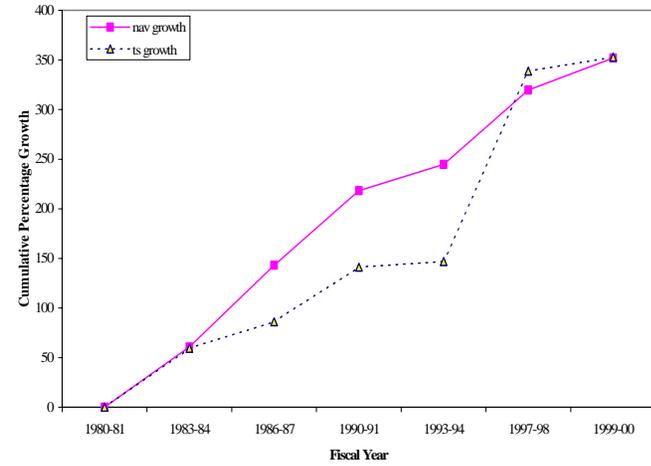
**Millbrae**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



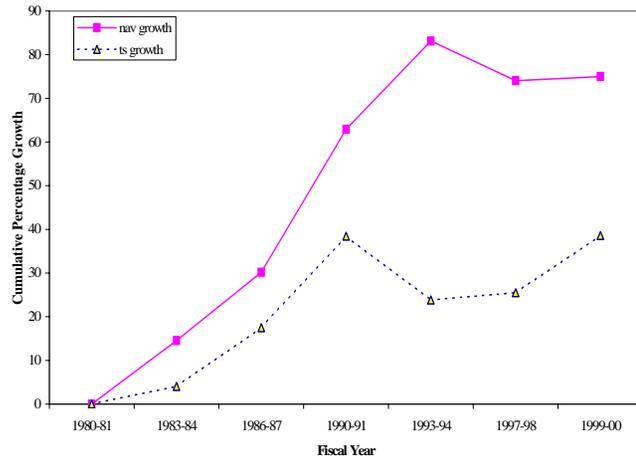
**Milpitas**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



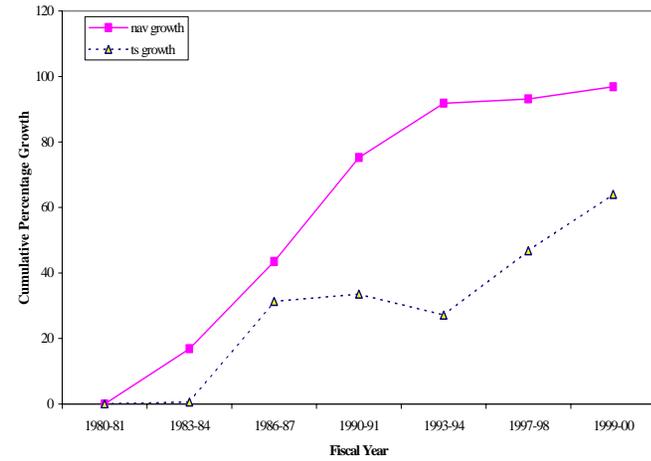
**Modesto**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



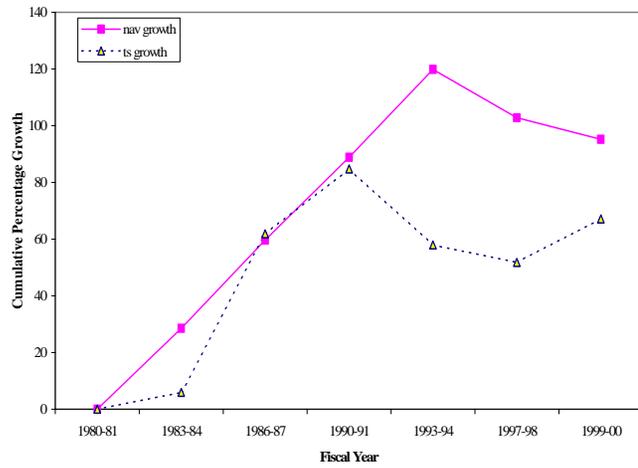
**Monrovia**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



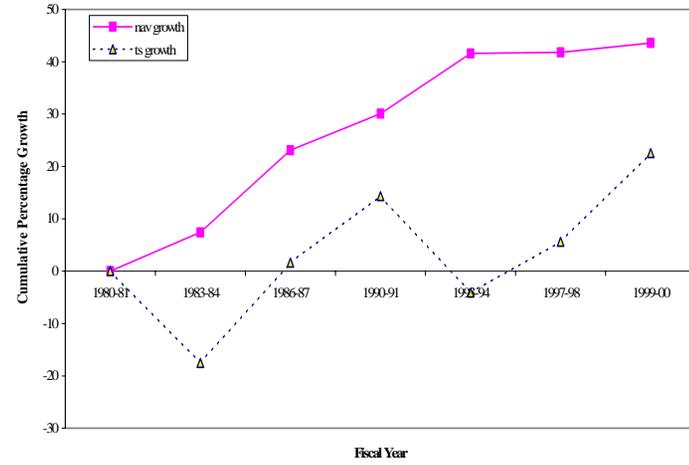
### Montclair

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



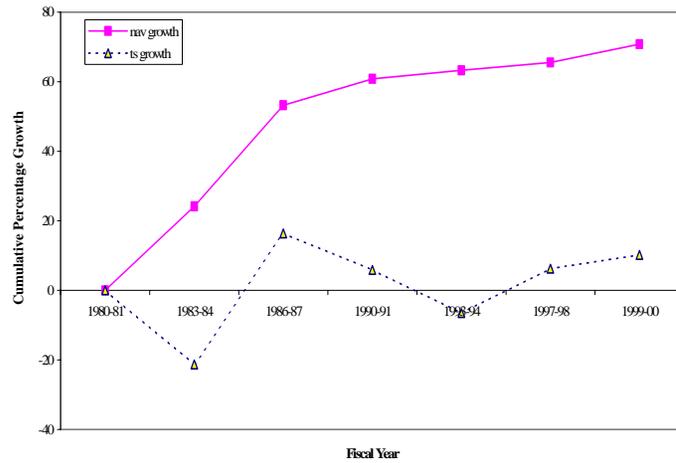
### Montebello

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



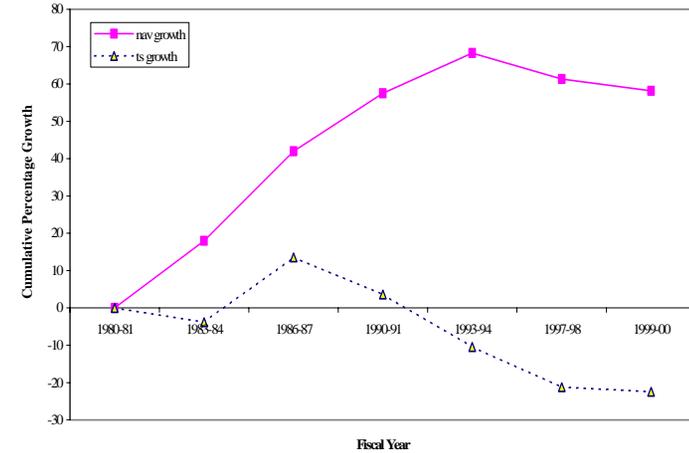
### Monterey

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



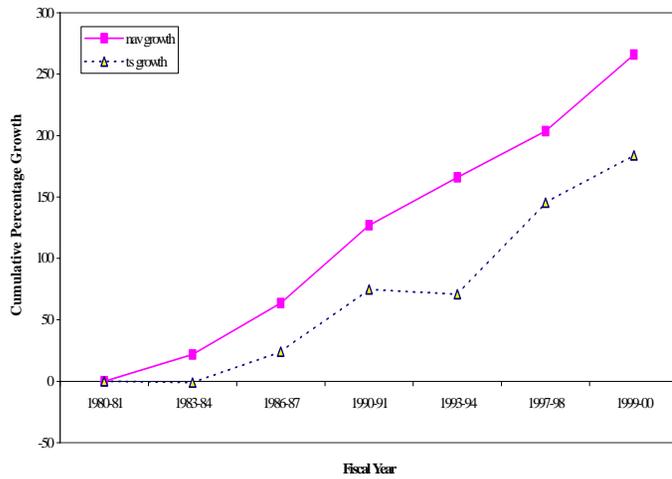
### Monterey Park

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



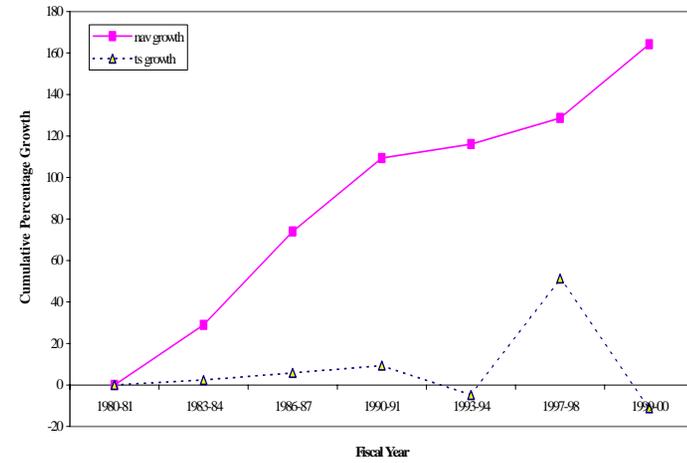
### Morgan Hill

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



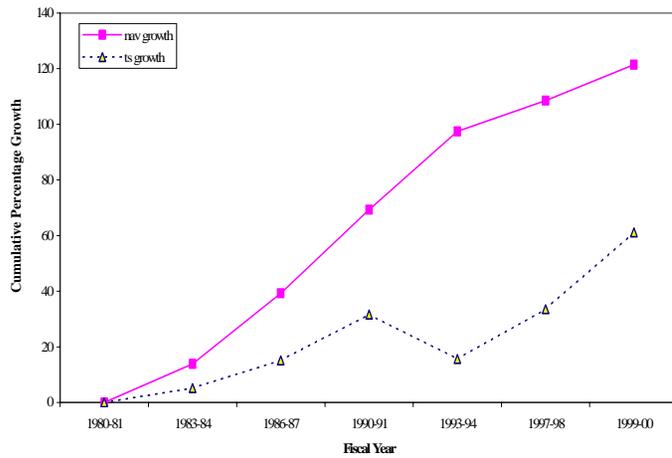
### Mountain View

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



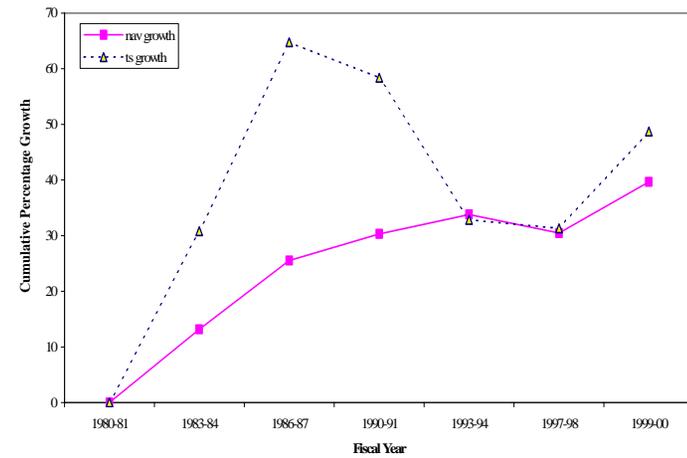
### Napa

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980

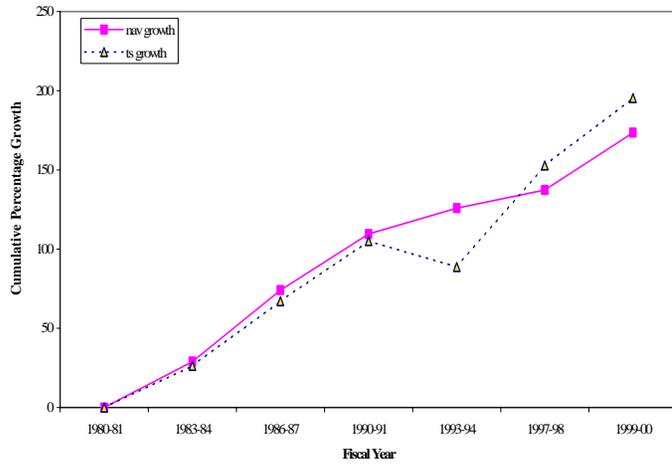


### National City

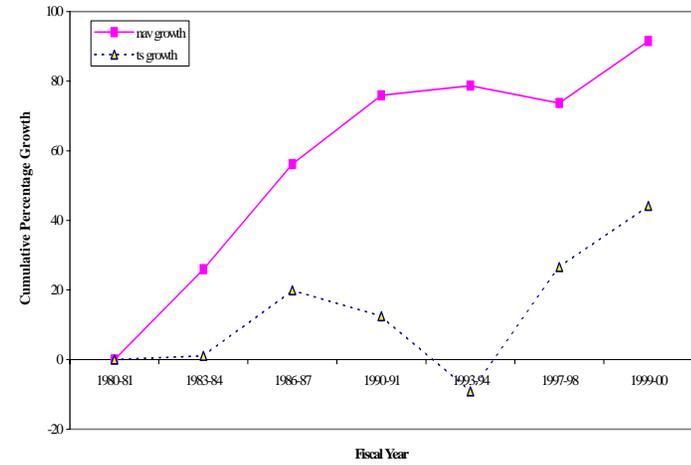
Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



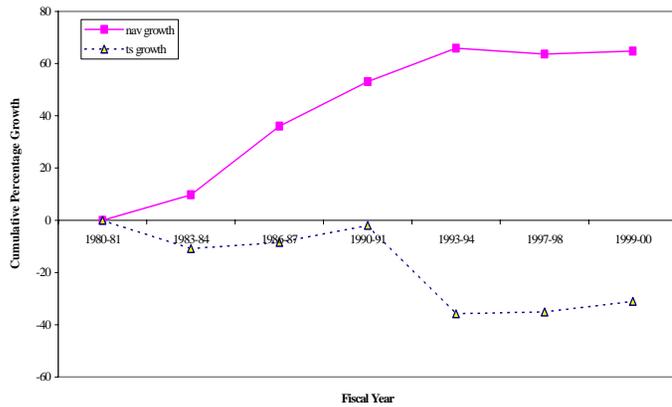
**Newark**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980



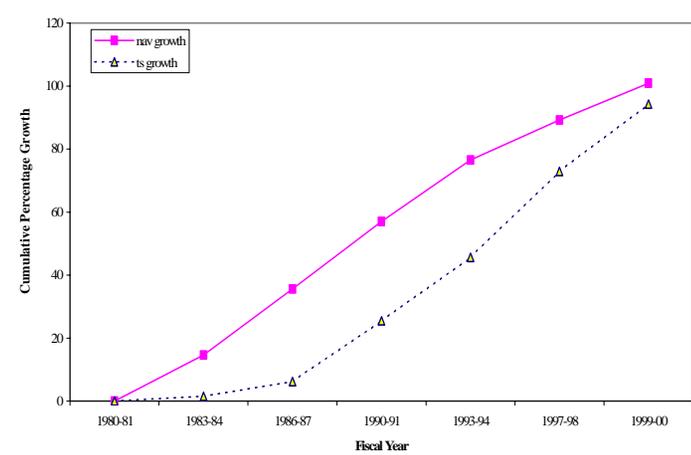
**Newport Beach**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980



**Norwalk**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980

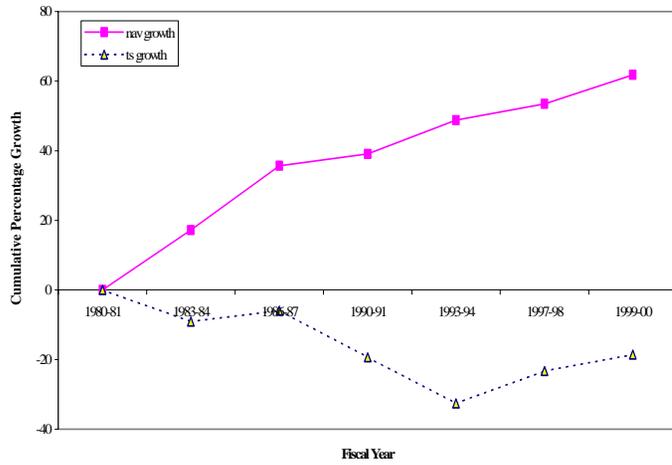


**Novato**  
 Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
 Adjusted for Inflation, Base 1980



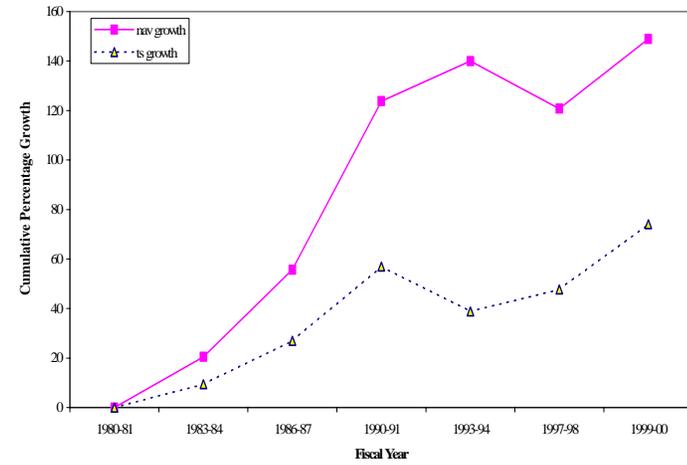
### Oakland

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



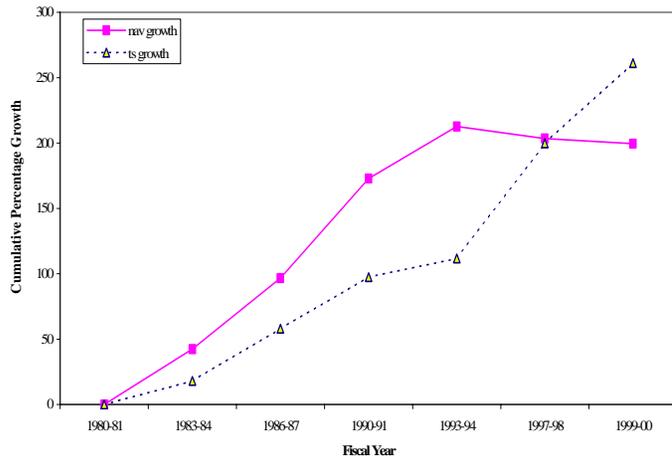
### Oceanside

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



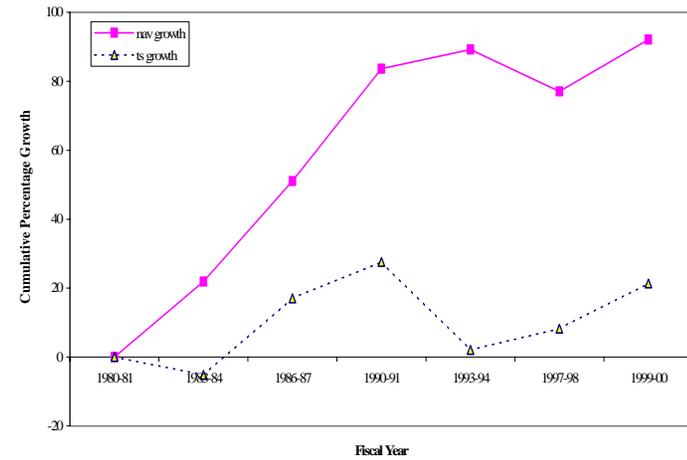
### Ontario

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



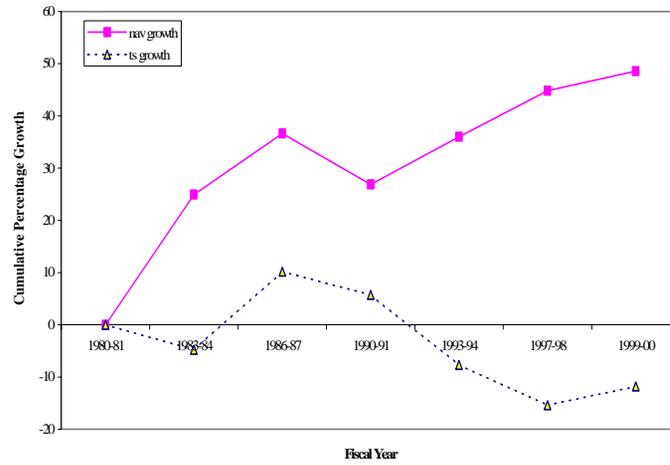
### Orange

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



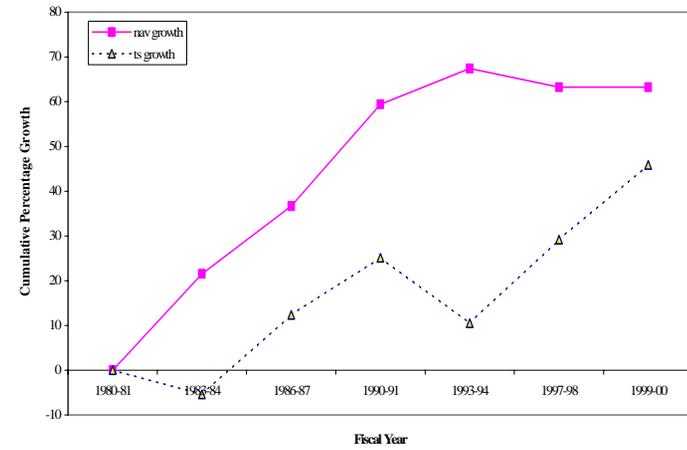
### Oroville

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



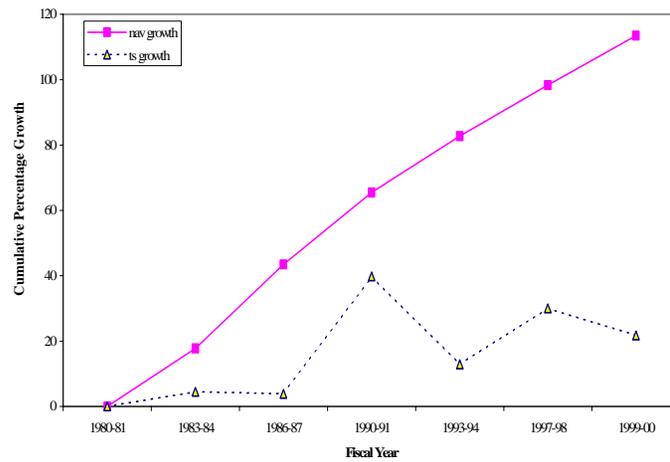
### Oxnard

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



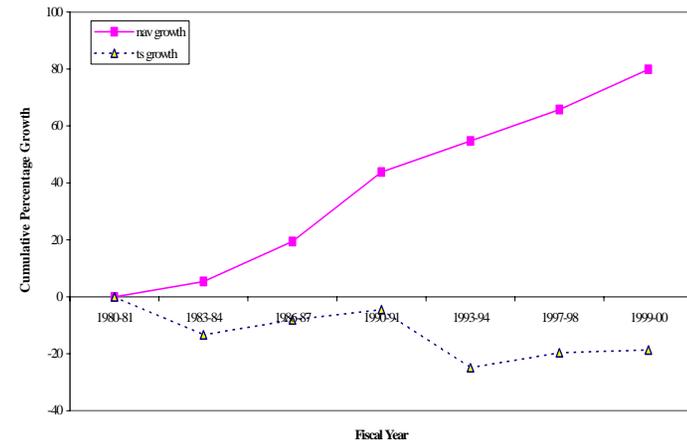
### Pacific Grove

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



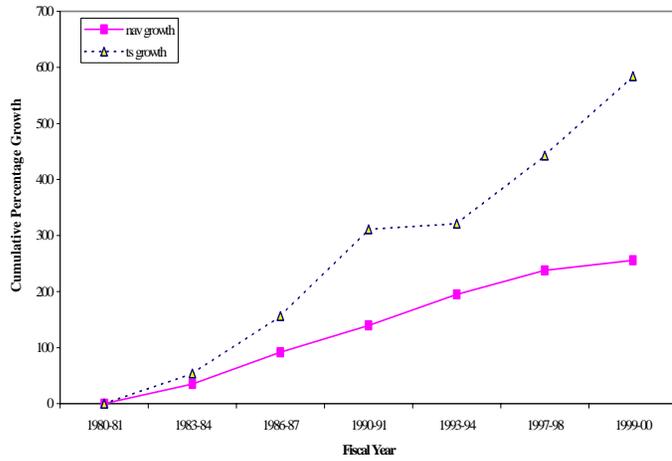
### Pacifica

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



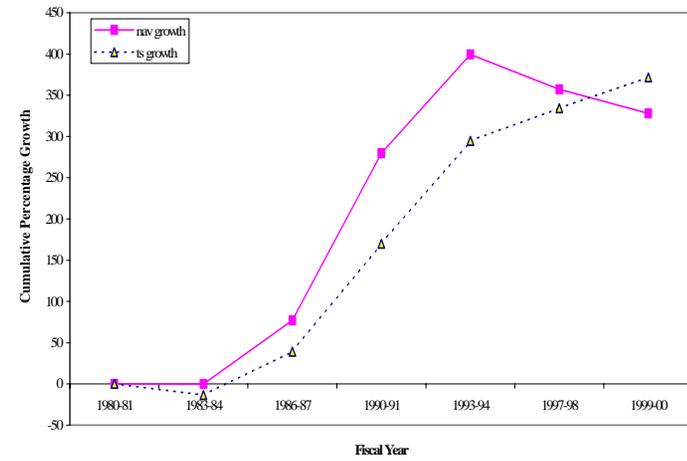
### Palm Desert

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



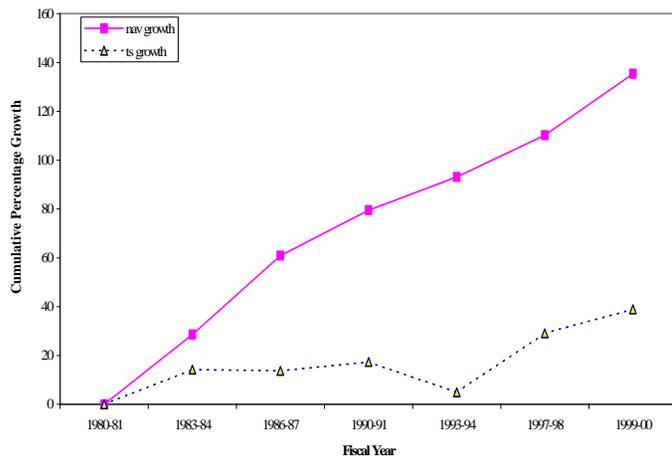
### Palmdale

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



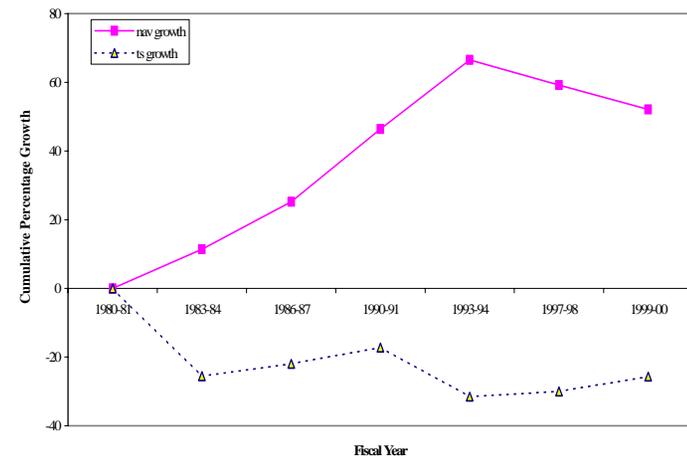
### Palo Alto

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



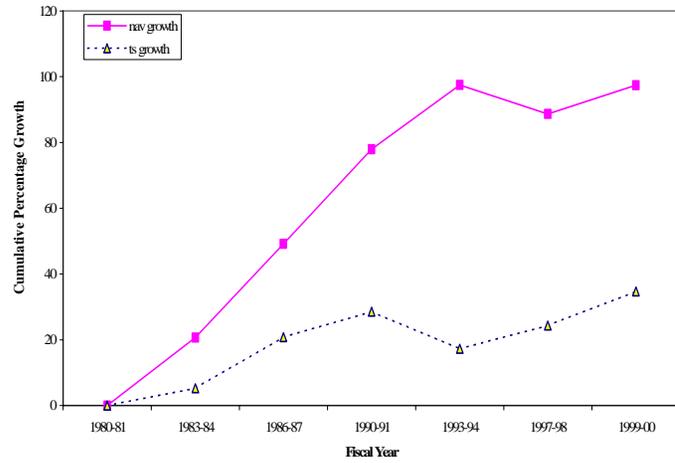
### Paramount

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



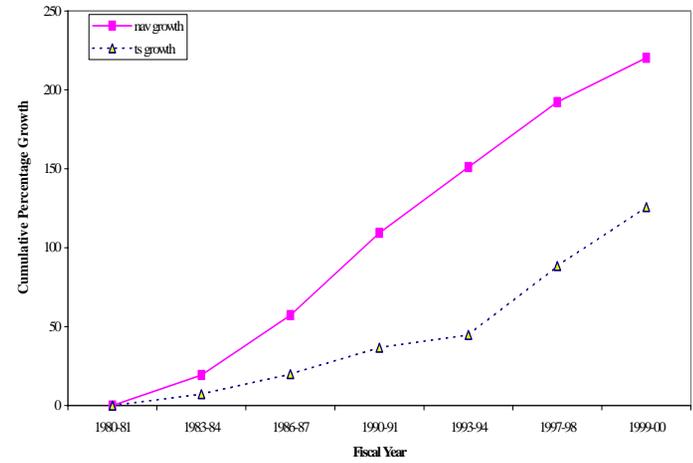
### Pasadena

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



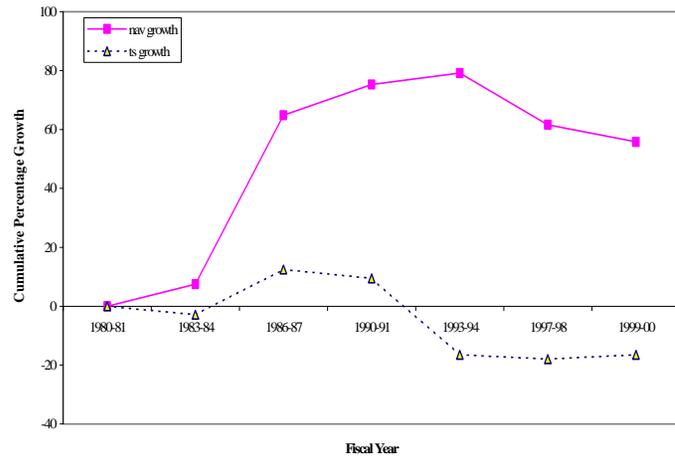
### Petaluma

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



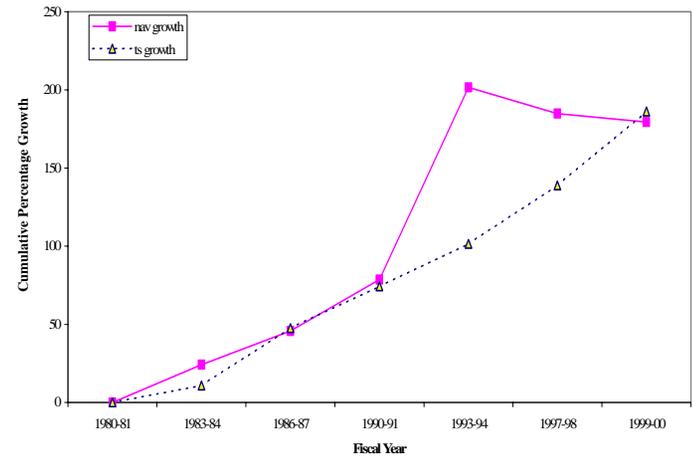
### Pico Rivera

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



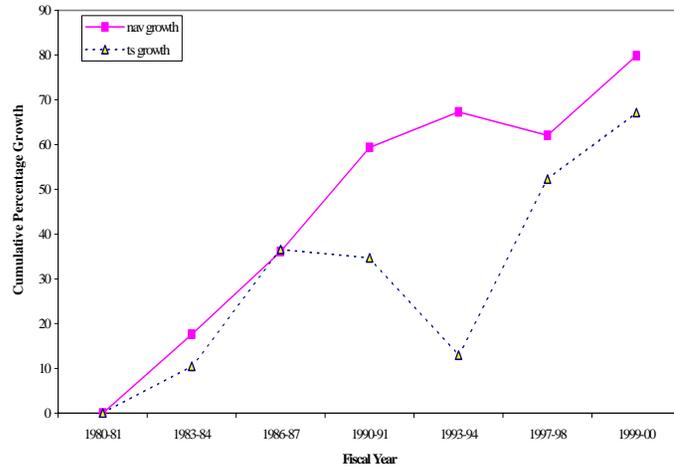
### Pittsburg

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



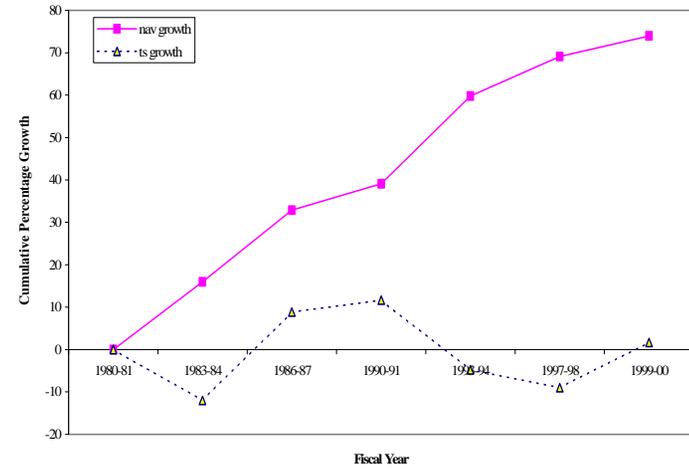
**Placencia**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



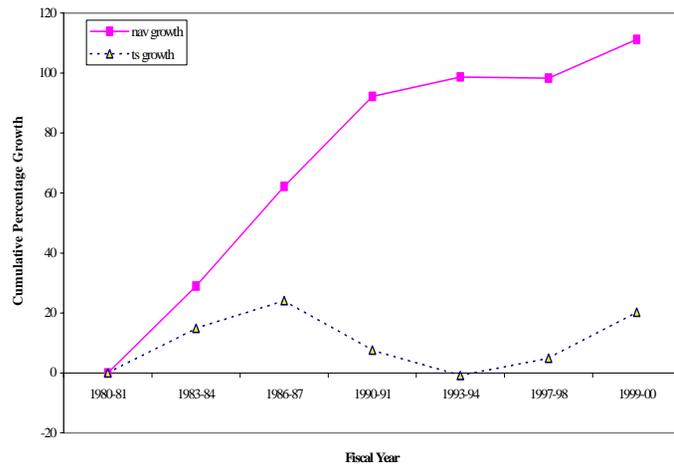
**Placerville**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



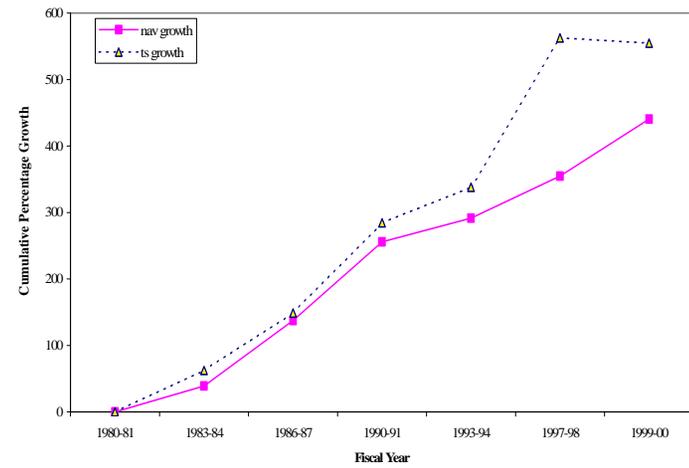
**Pleasant Hill**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



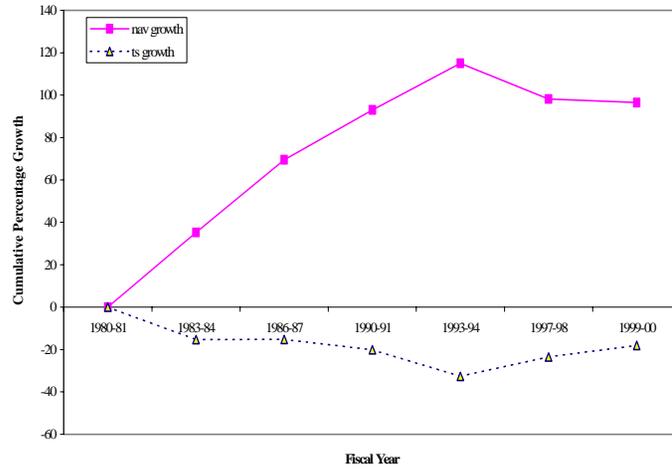
**Pleasanton**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



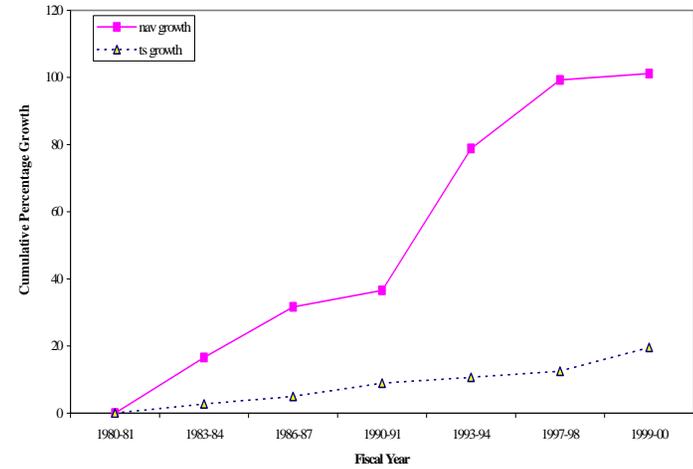
**Pomona**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



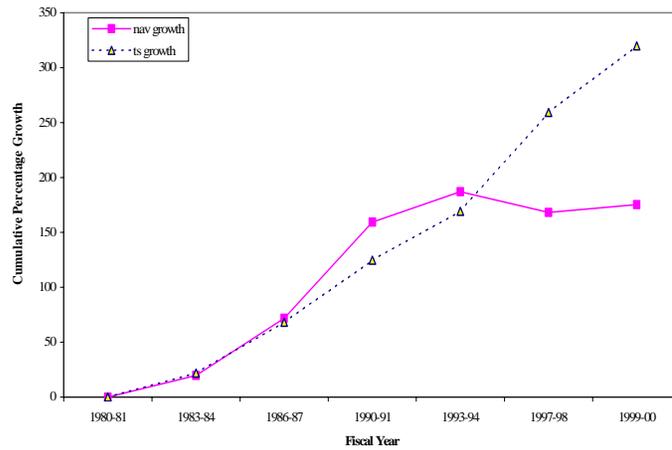
**Porterville**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



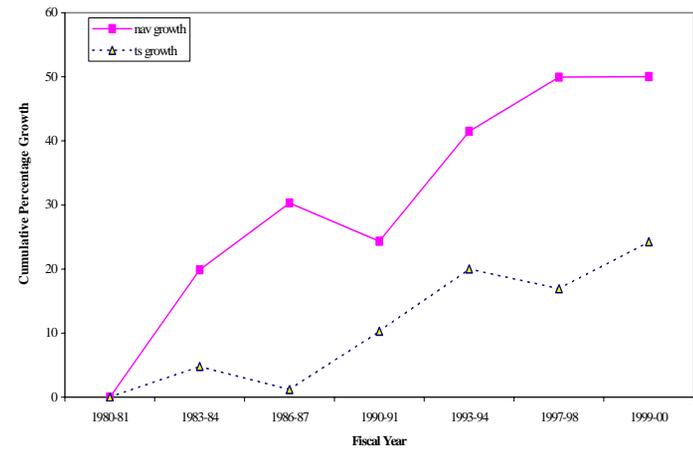
**Rancho Cucamonga**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



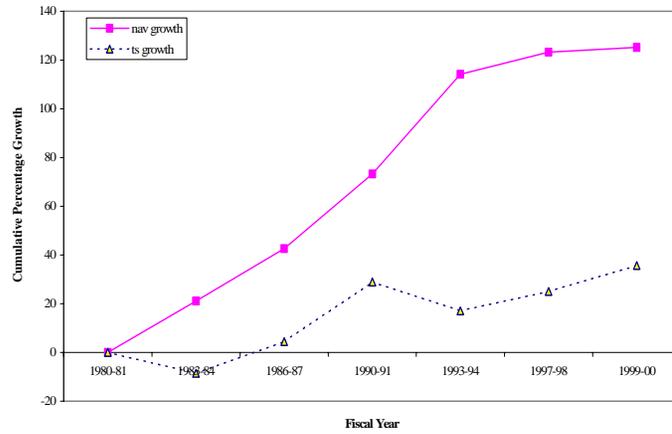
**Red Bluff**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



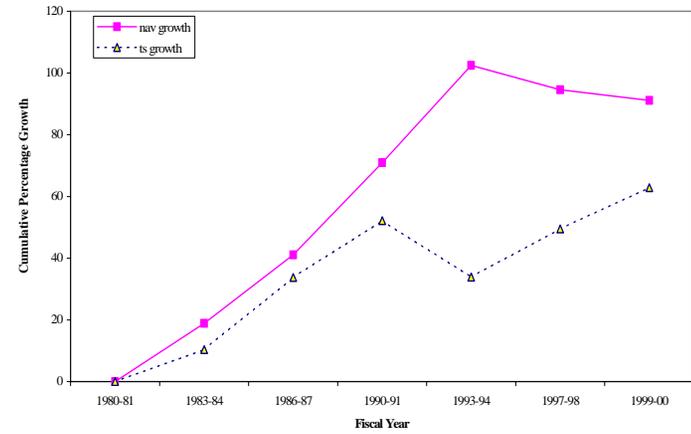
### Redding

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



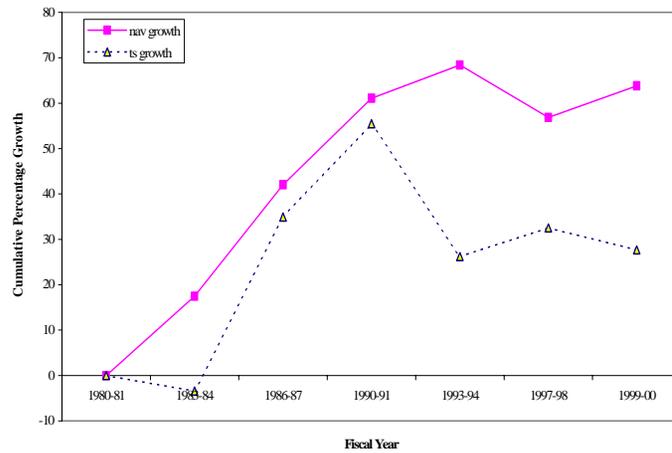
### Redlands

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



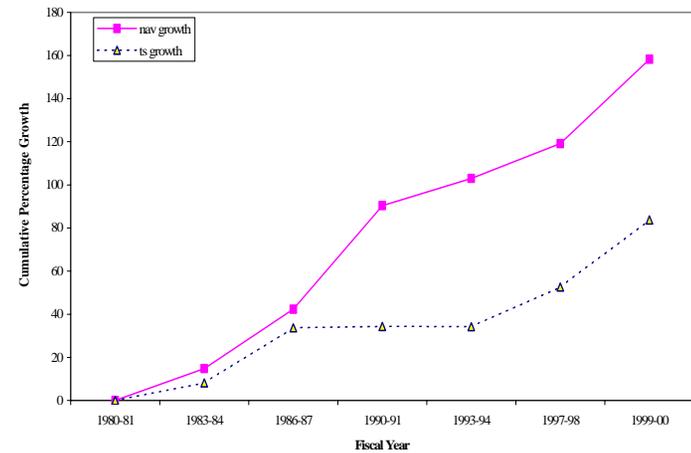
### Redondo Beach

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



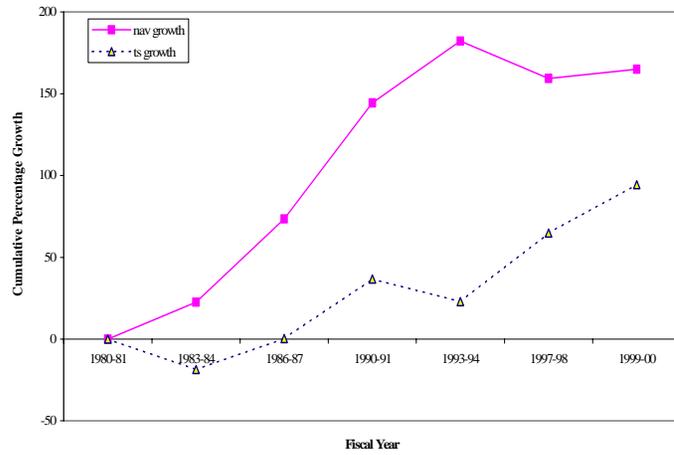
### Redwood City

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



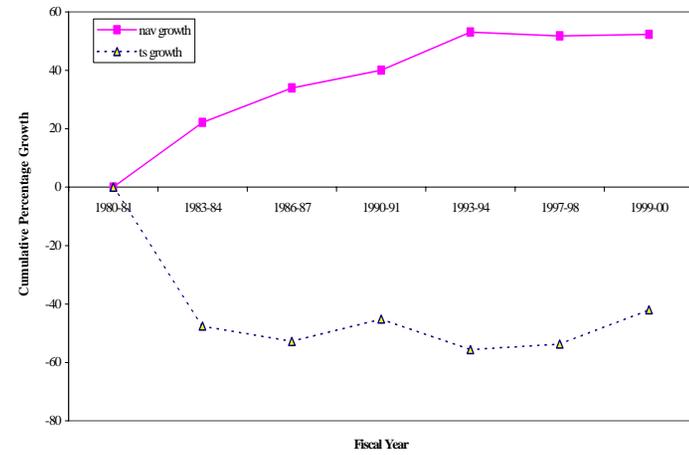
### Rialto

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



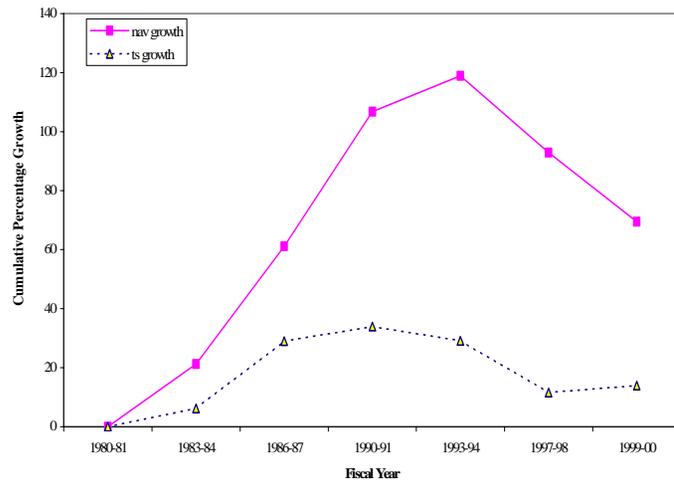
### Richmond

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



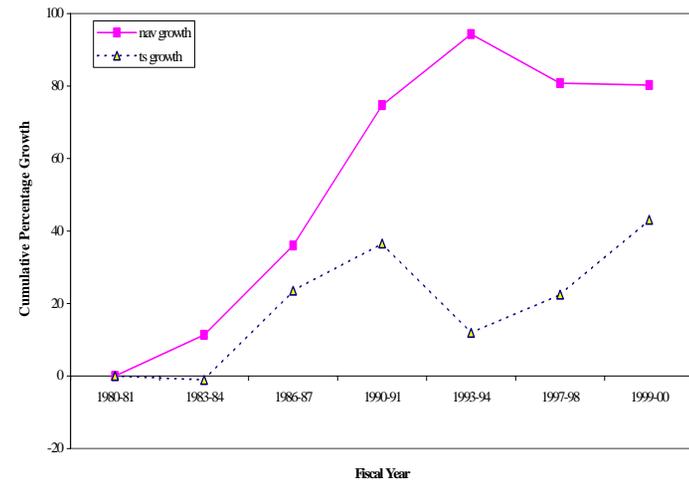
### Ridgecrest

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



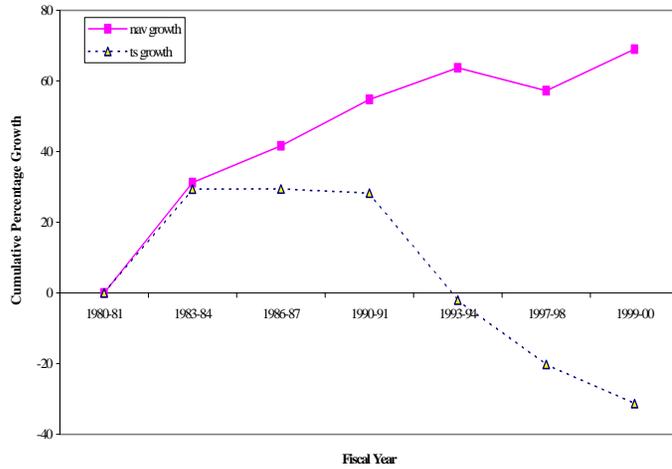
### Riverside

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



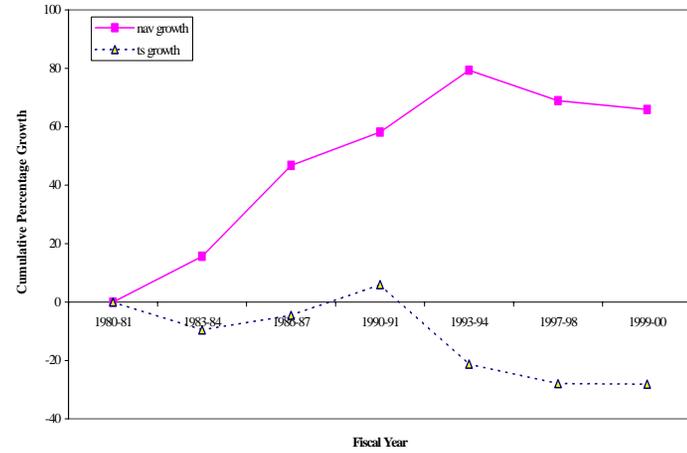
### Rolling Hills Estate

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



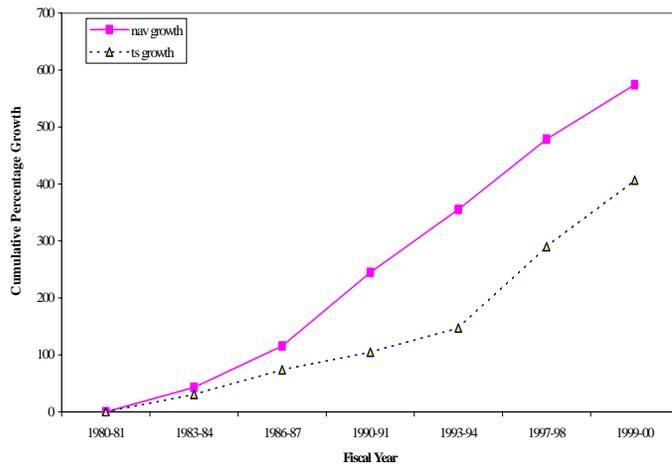
### Rosemead

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



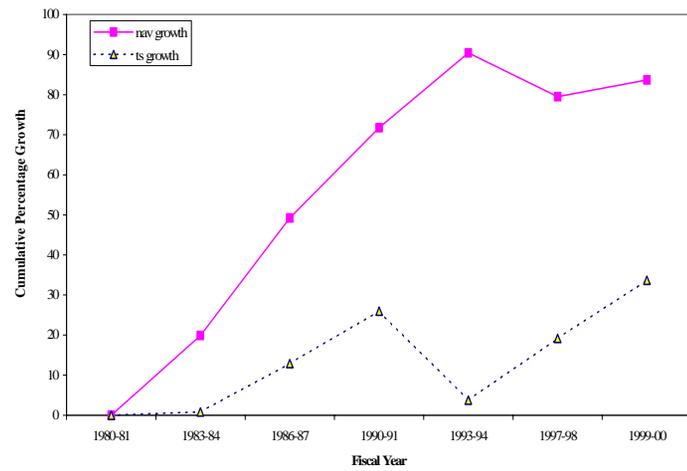
### Roseville

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



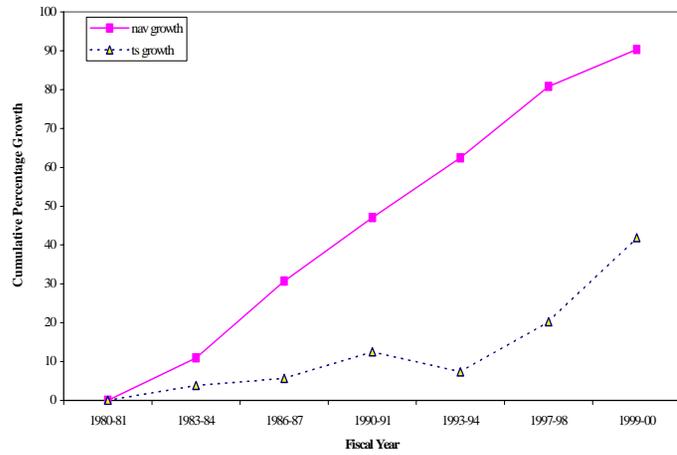
### Sacramento

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



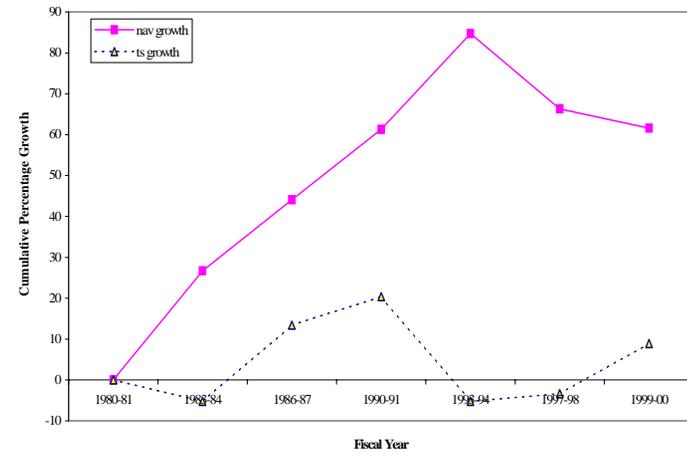
### Salinas

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



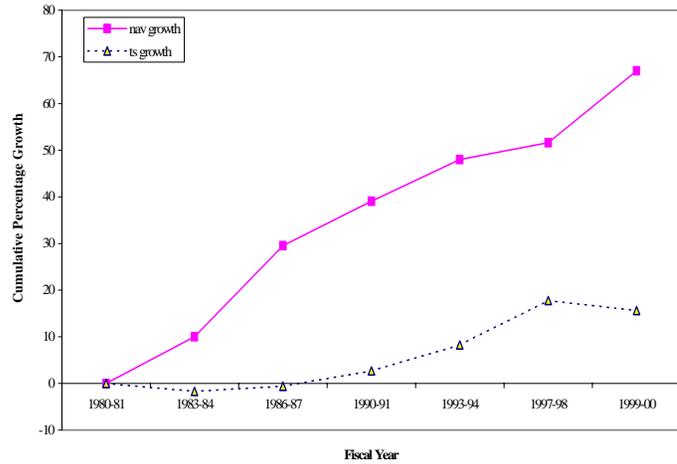
### San Bernardino

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



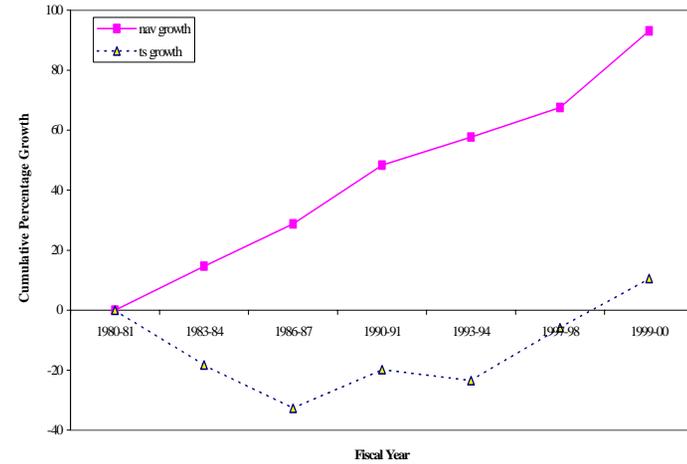
### San Bruno

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



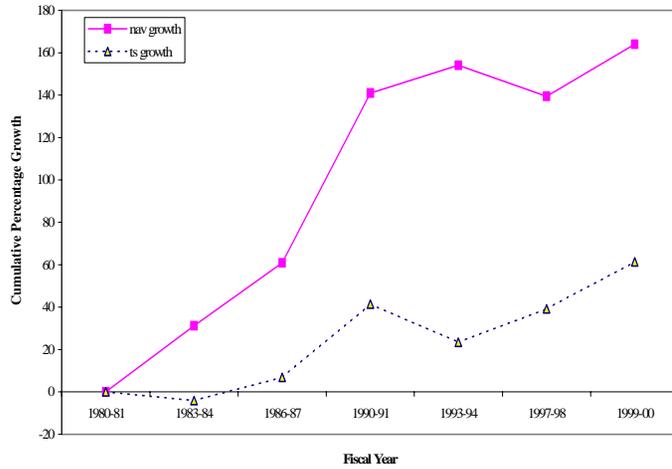
### San Carlos

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



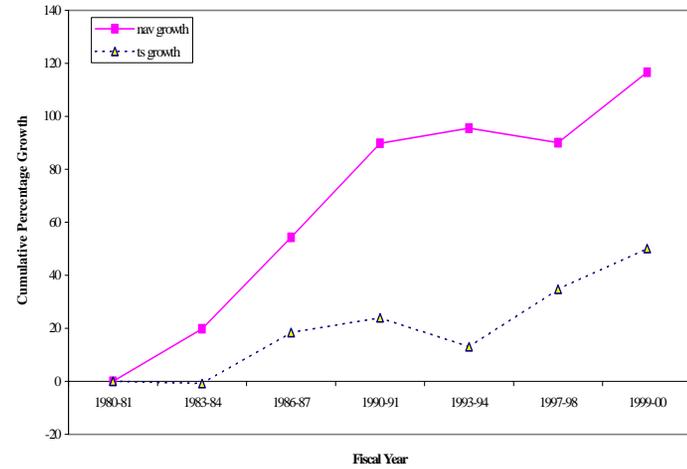
### San Clemente

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



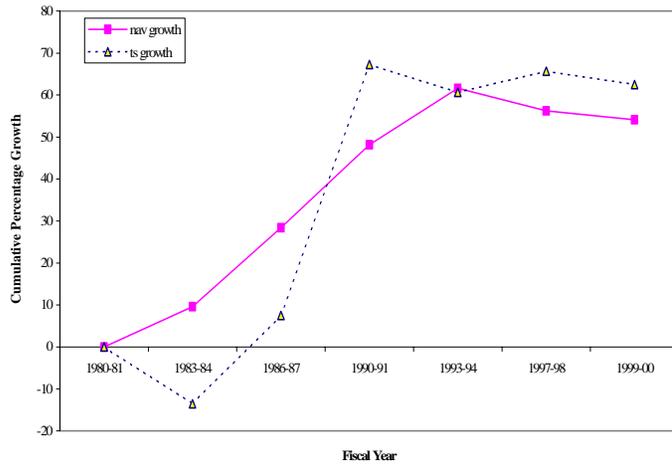
### San Diego

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



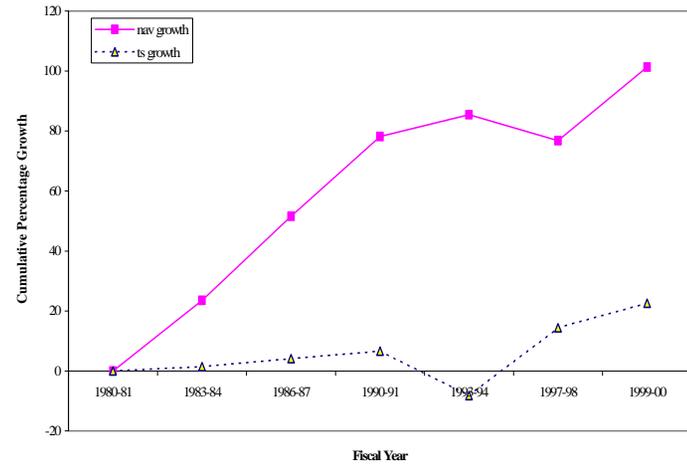
### San Fernando

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



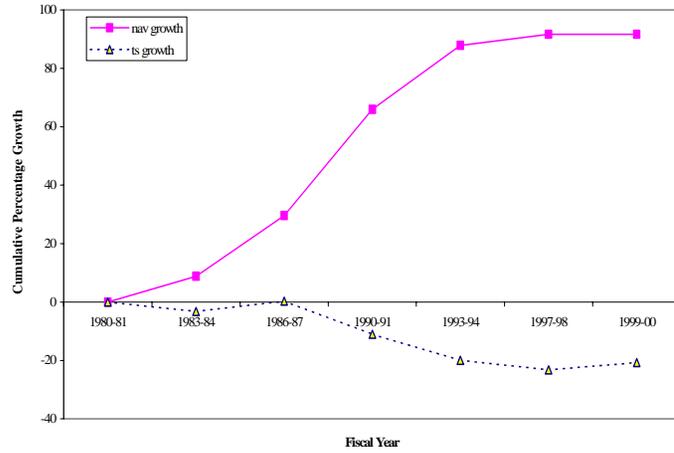
### San Francisco

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



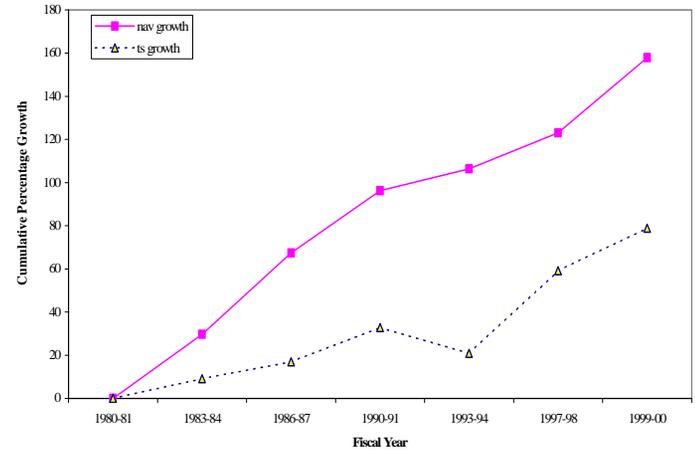
**San Gabriel**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



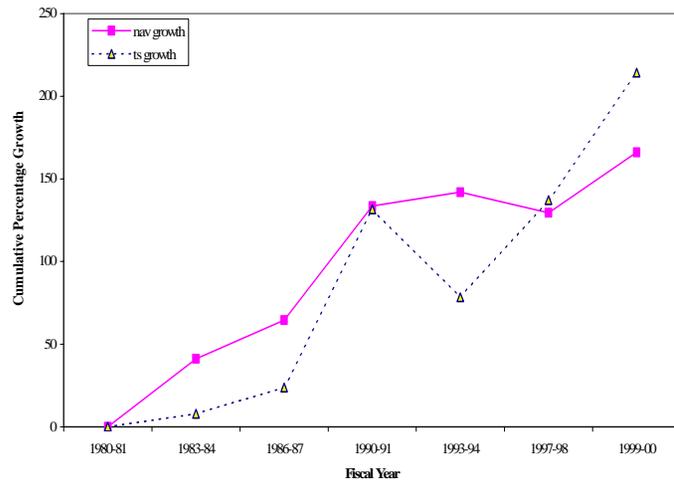
**San Jose**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



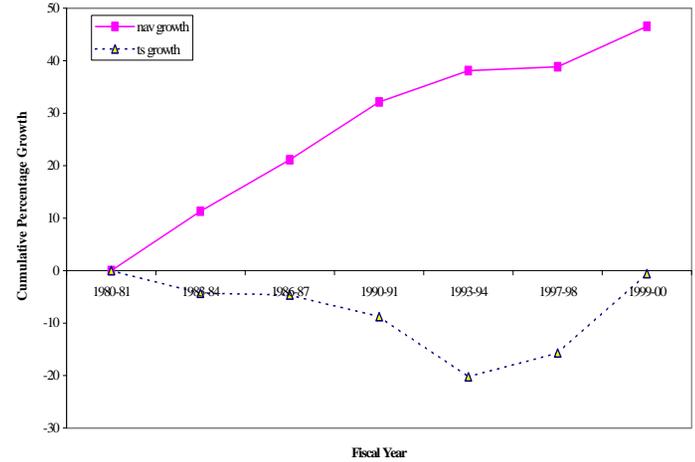
**San Juan Capistrano**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



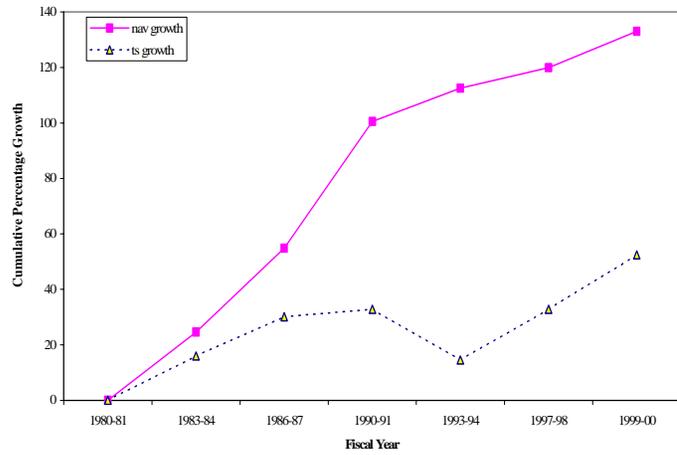
**San Leandro**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



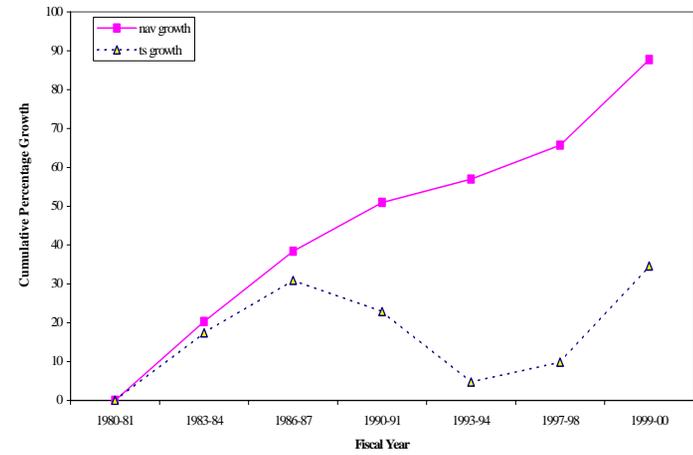
**San Luis Obispo**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



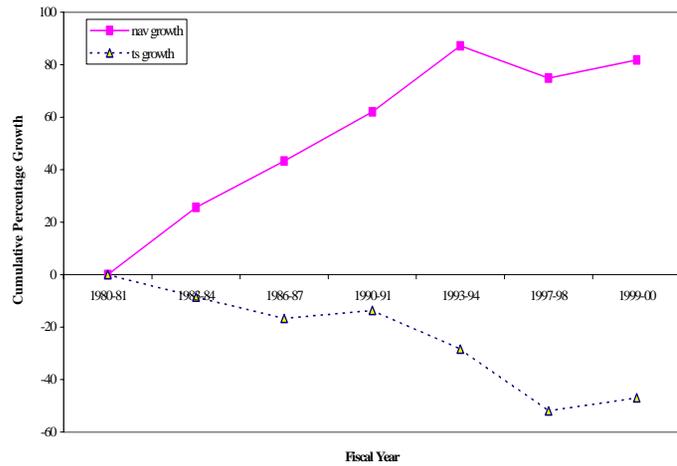
**San Mateo**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



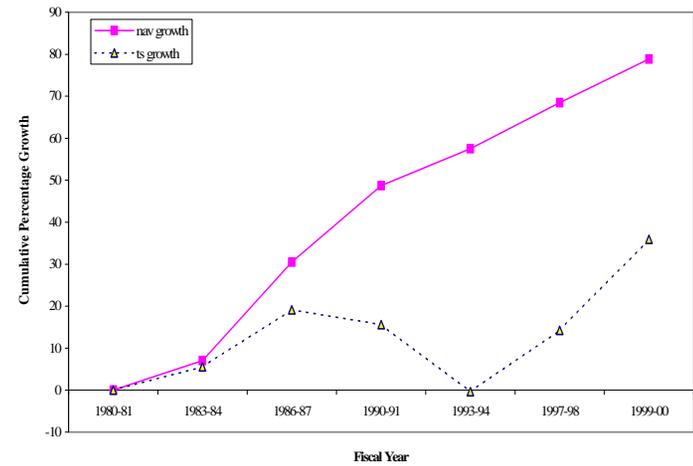
**San Pablo**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



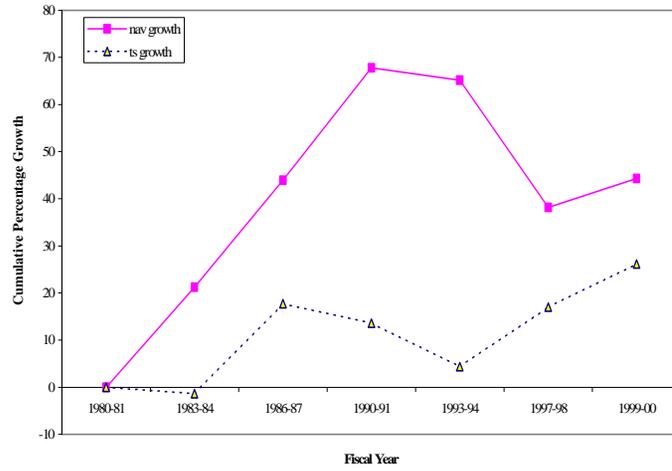
**San Rafael**

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



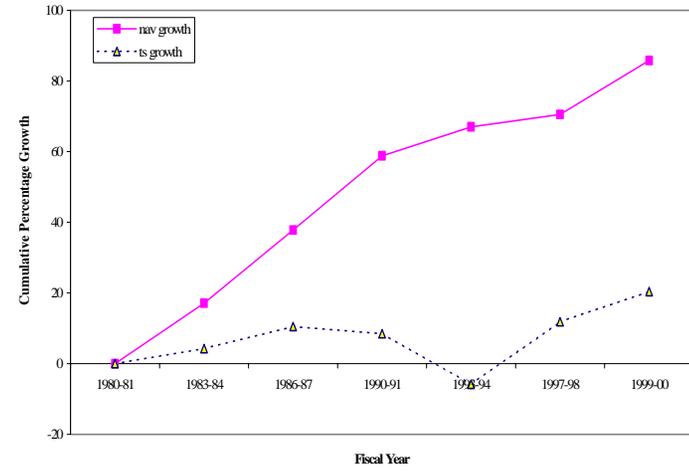
### Santa Ana

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



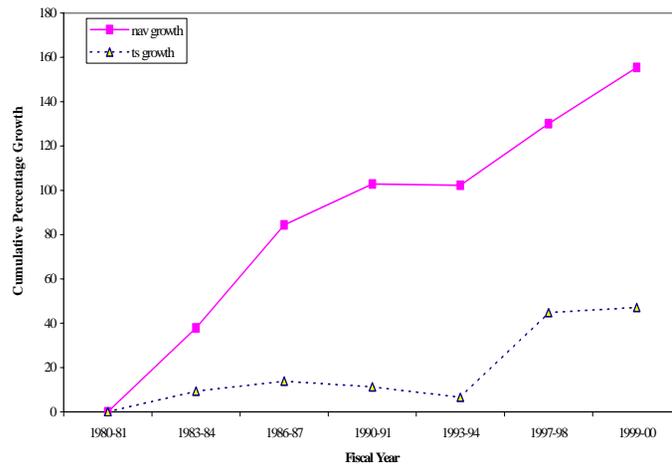
### Santa Barbara

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



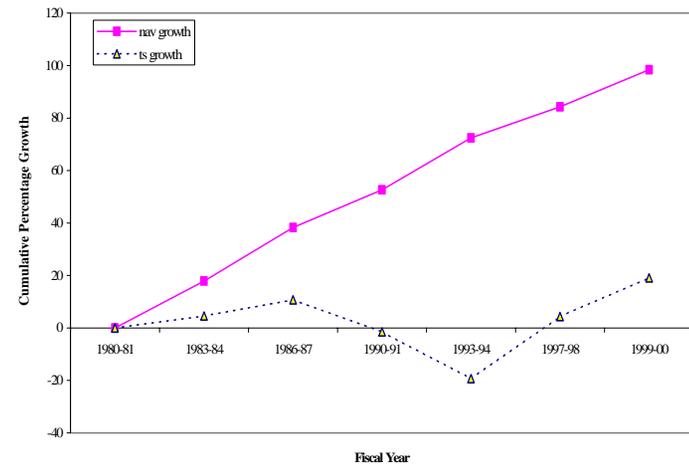
### Santa Clara

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



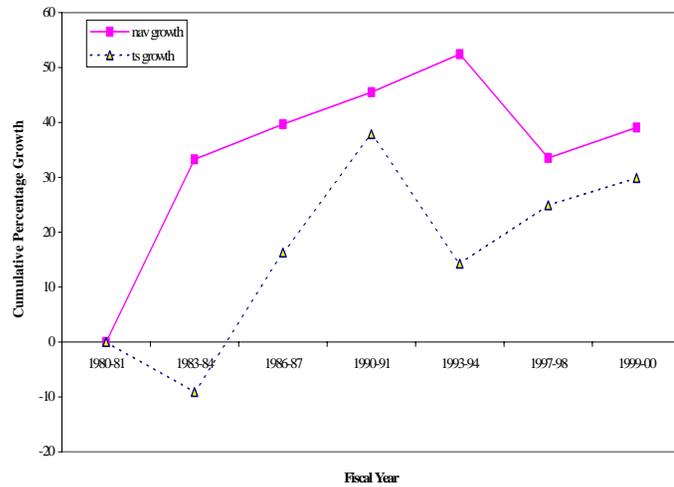
### Santa Cruz

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



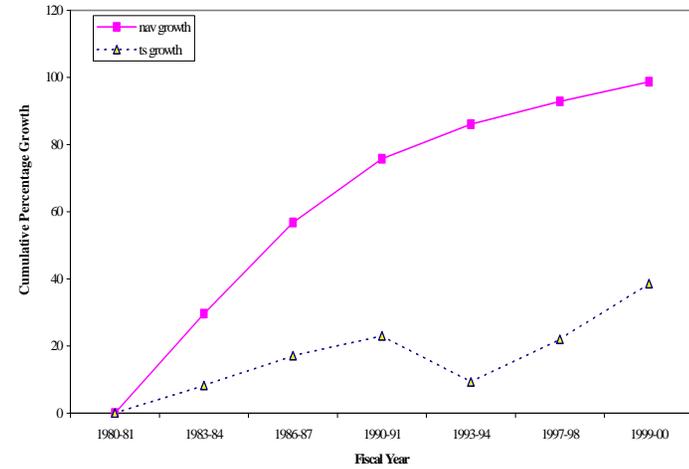
### Santa Fe Springs

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



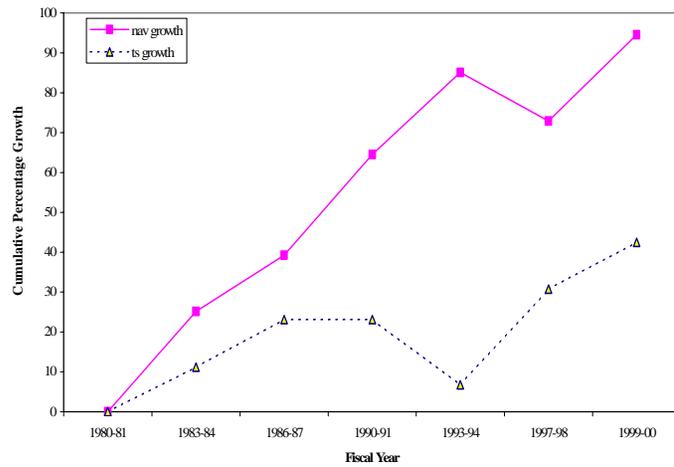
### Santa Maria

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



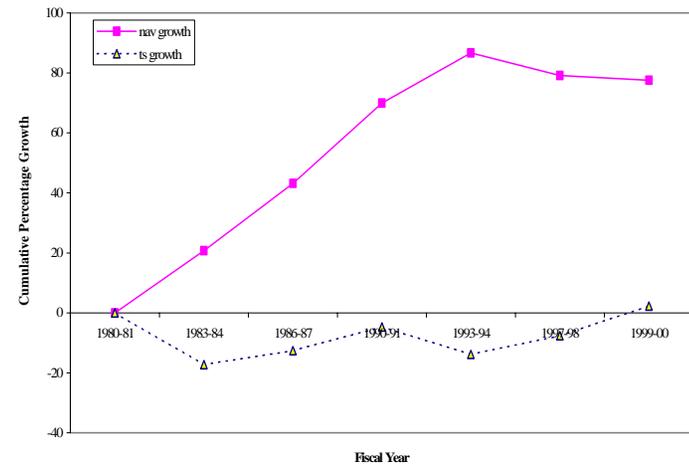
### Santa Monica

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



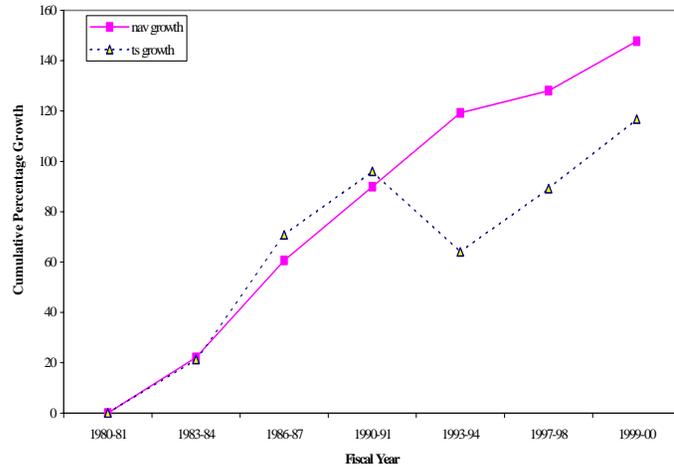
### Santa Paula

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



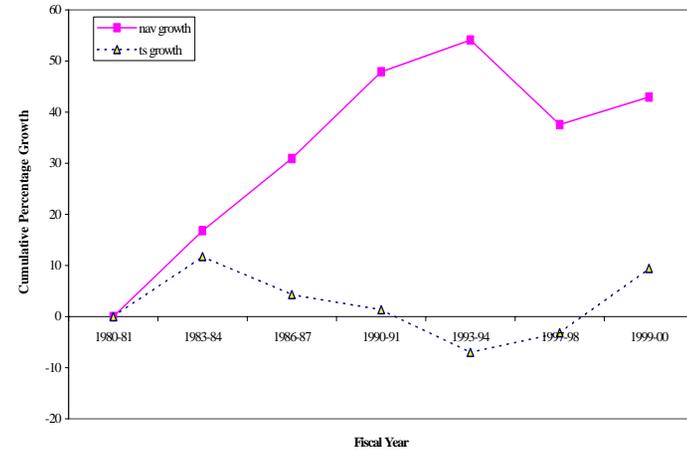
### Santa Rosa

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



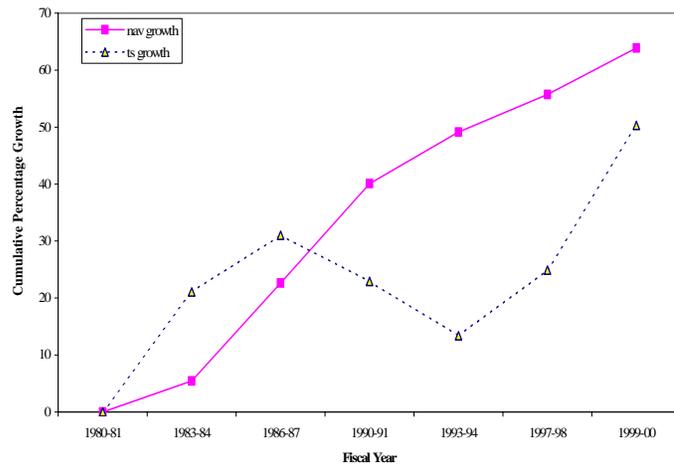
### Seal Beach

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



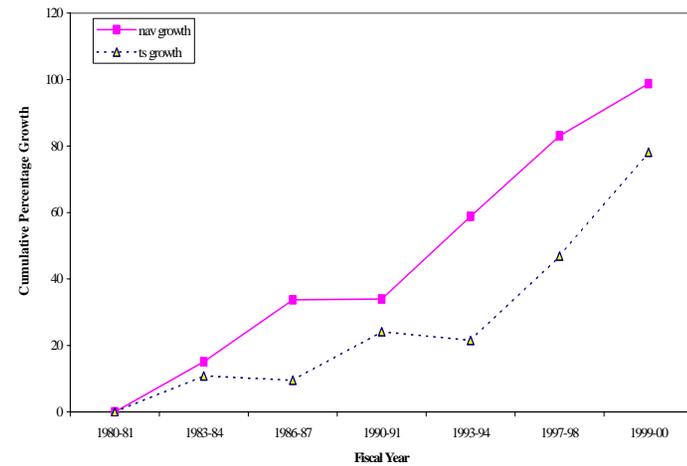
### Seaside

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



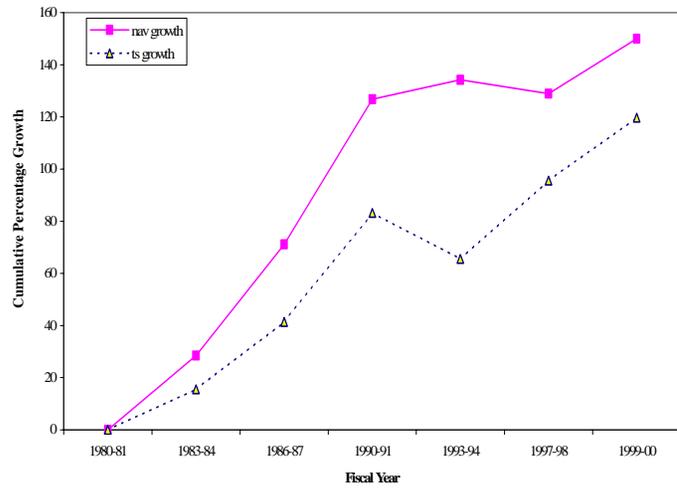
### Selma

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



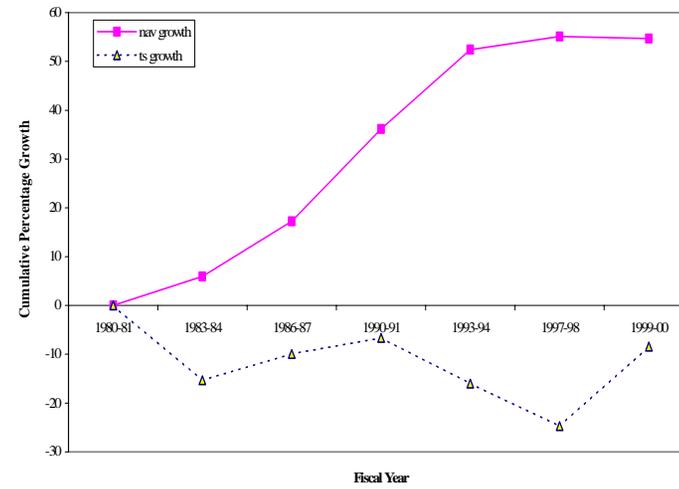
### Simi Valley

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



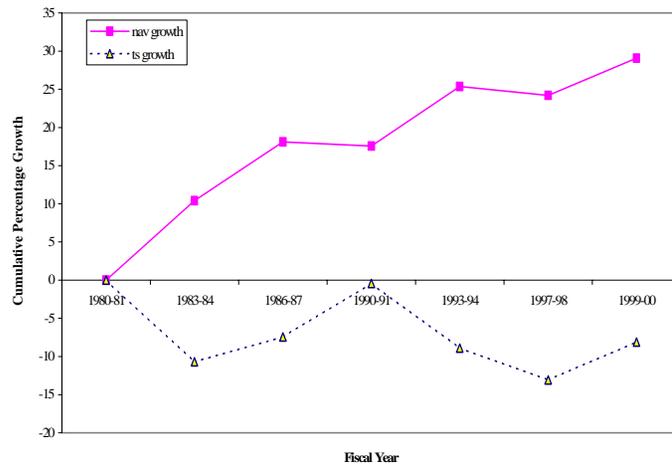
### Southgate

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



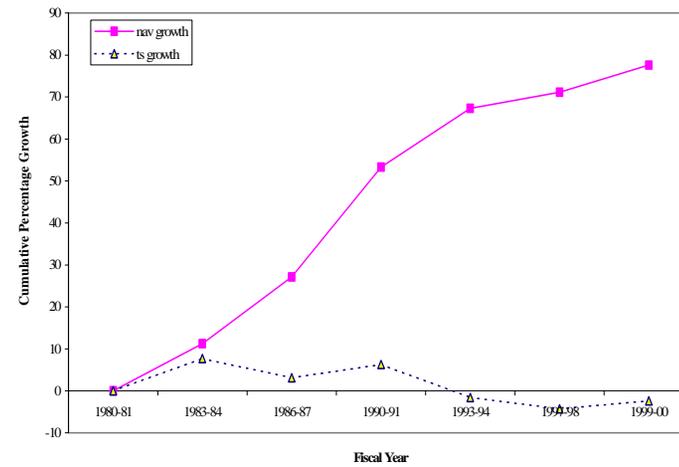
### South Lake Tahoe

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



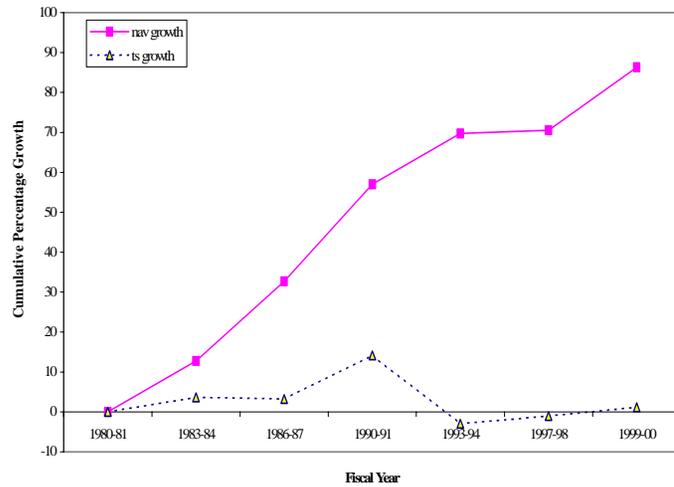
### South Pasadena

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



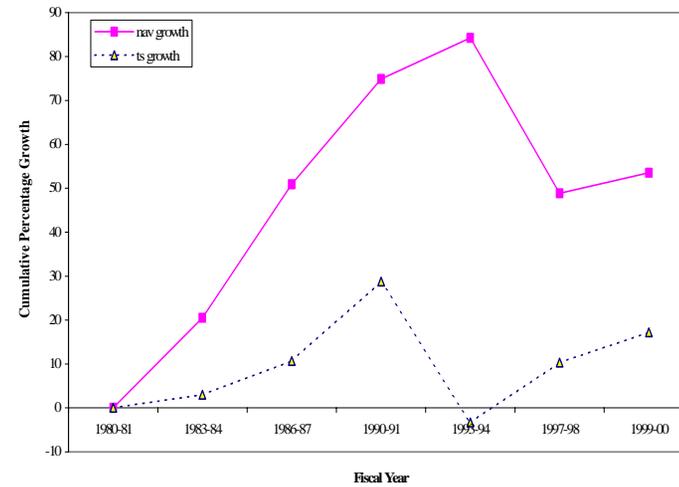
### South San Francisco

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



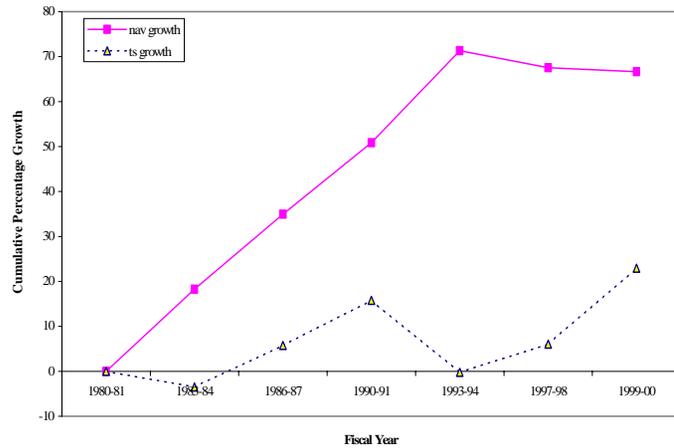
### Stanton

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



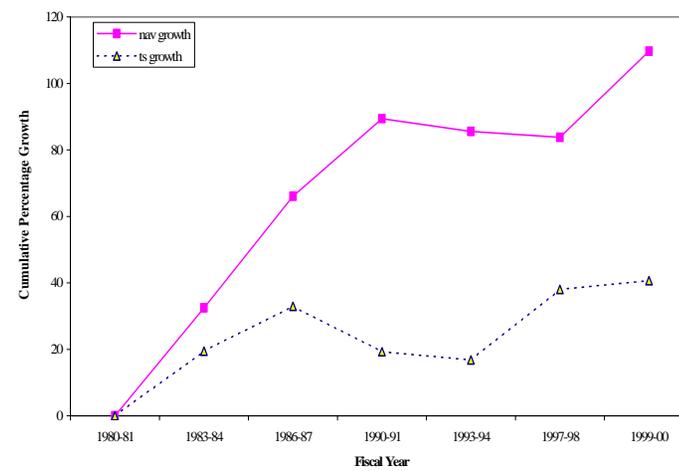
### Stockton

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



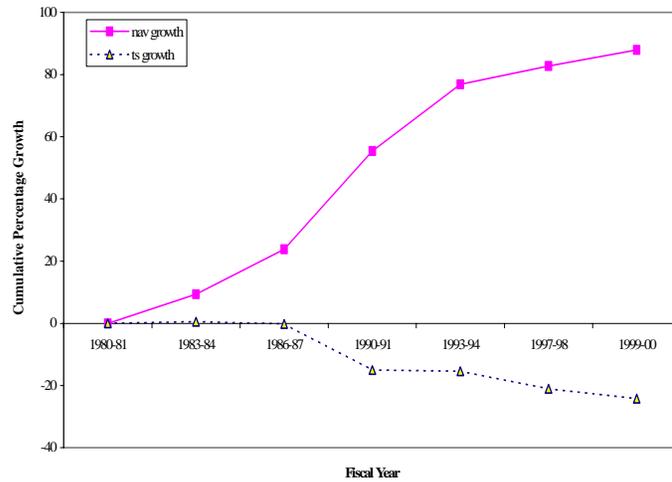
### Sunnyvale

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



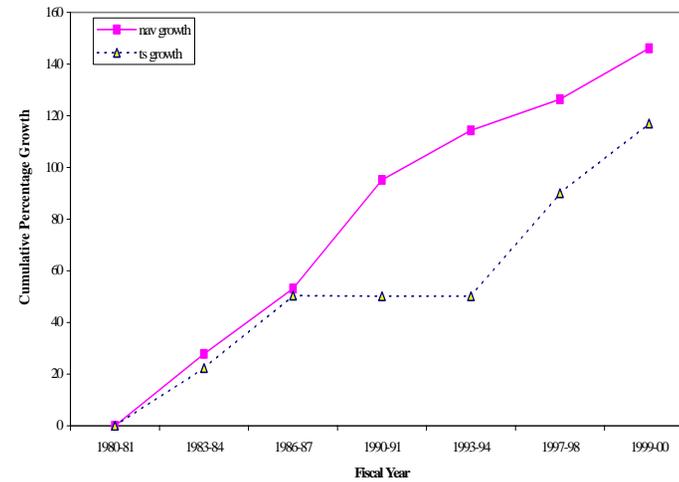
### Temple City

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



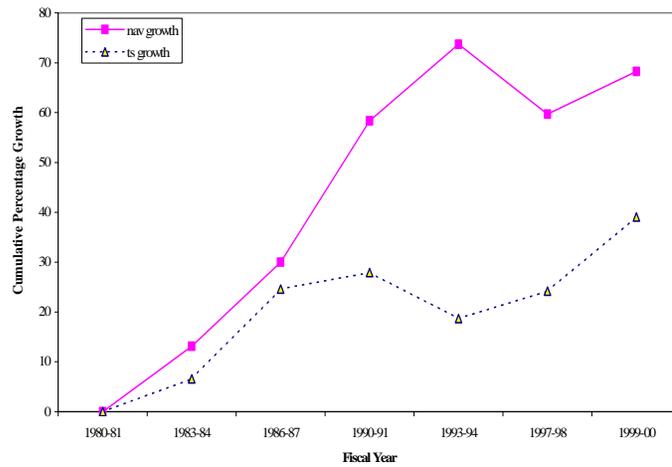
### Thousand Oaks

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



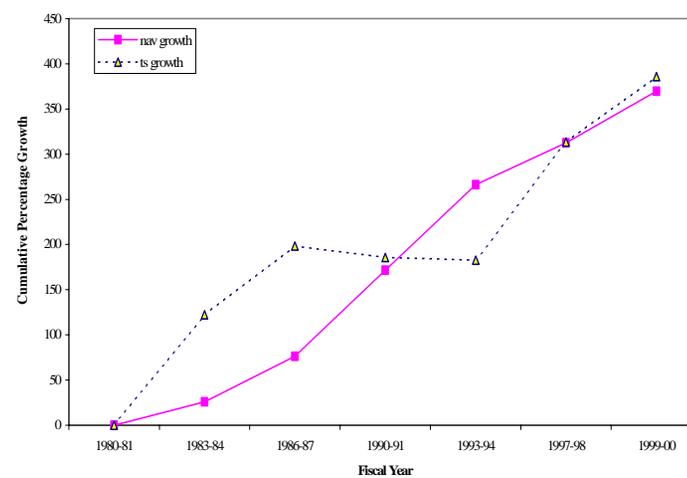
### Torrance

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



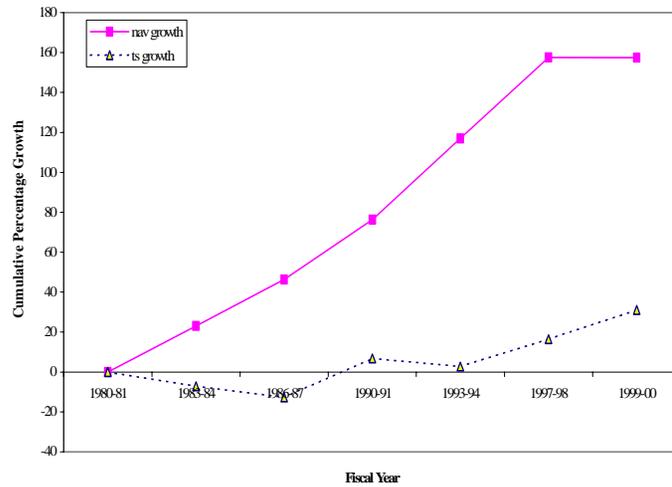
### Tracy

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



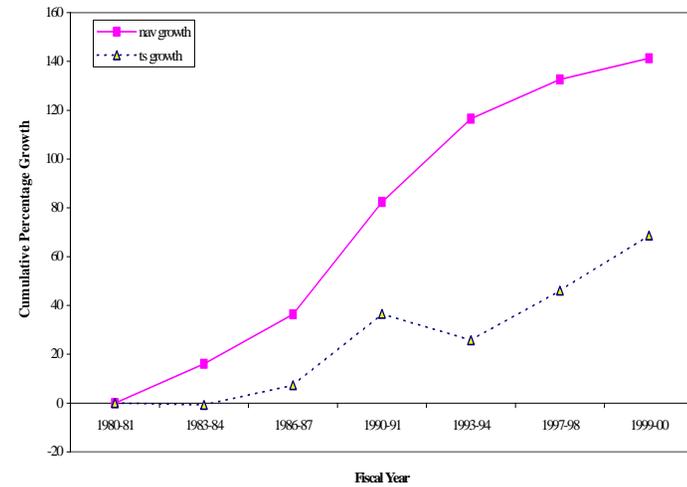
### Tulare

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



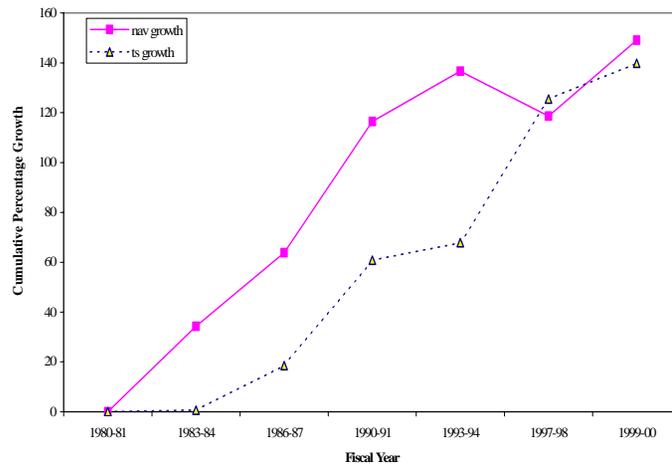
### Turlock

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



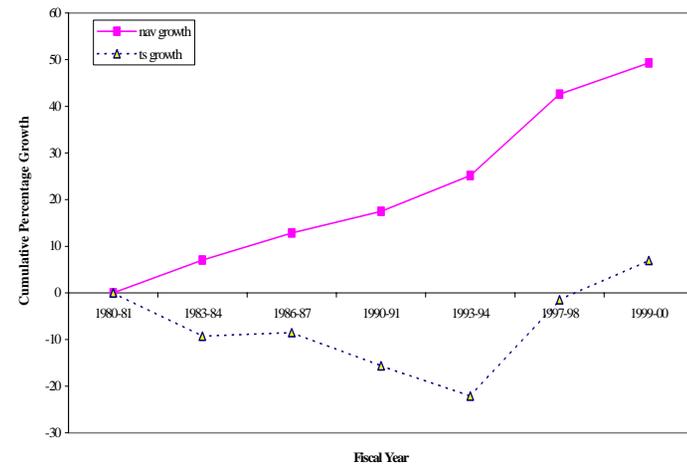
### Tustin

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



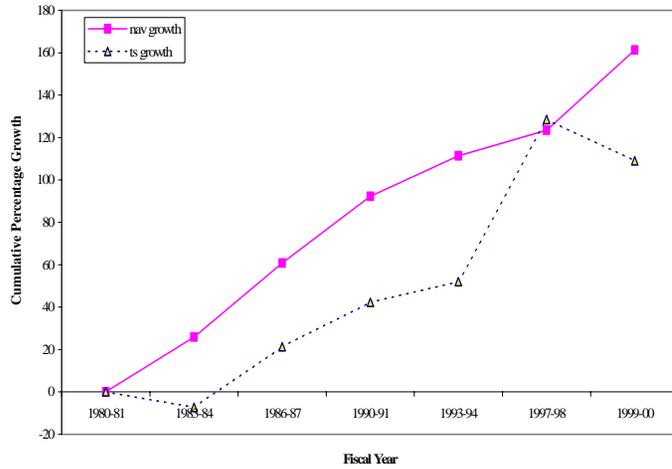
### Ukiah

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



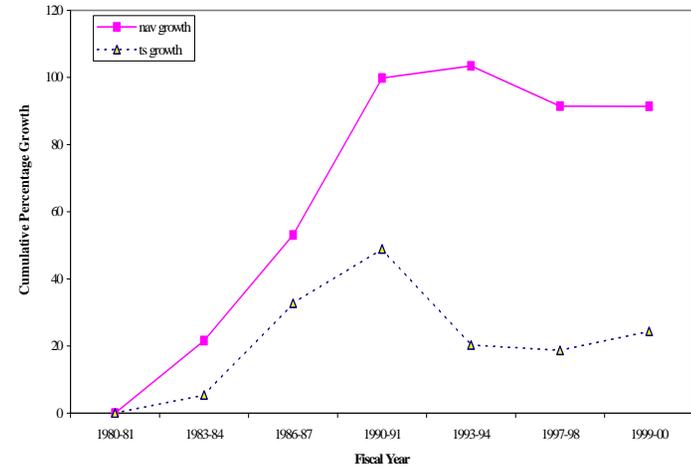
### Union City

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



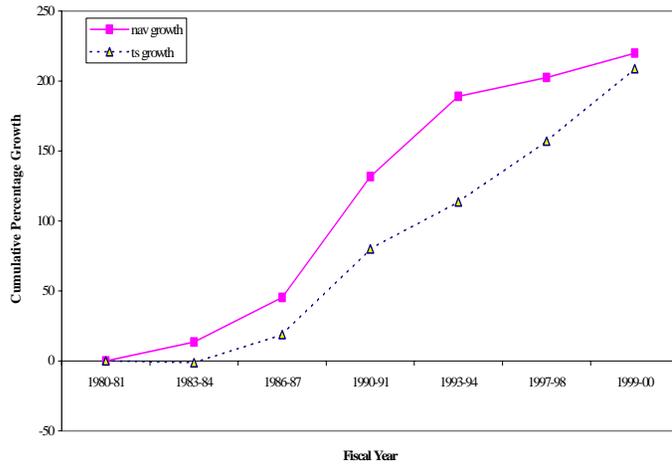
### Upland

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



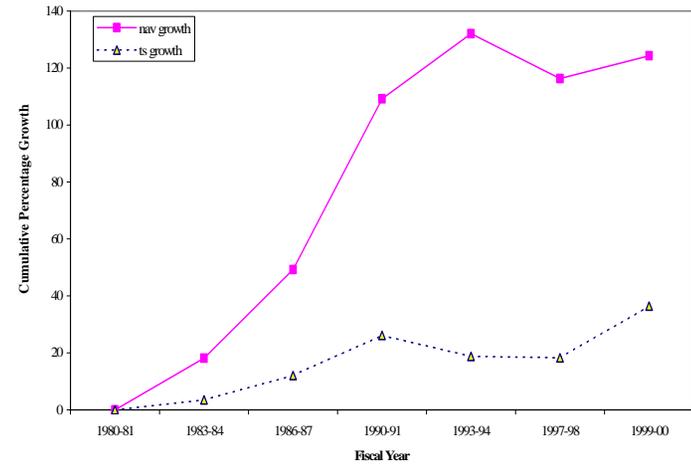
### Vacaville

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



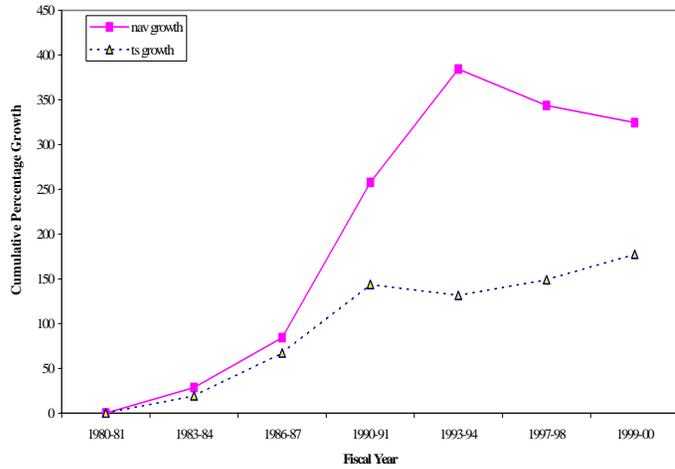
### Vallejo

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



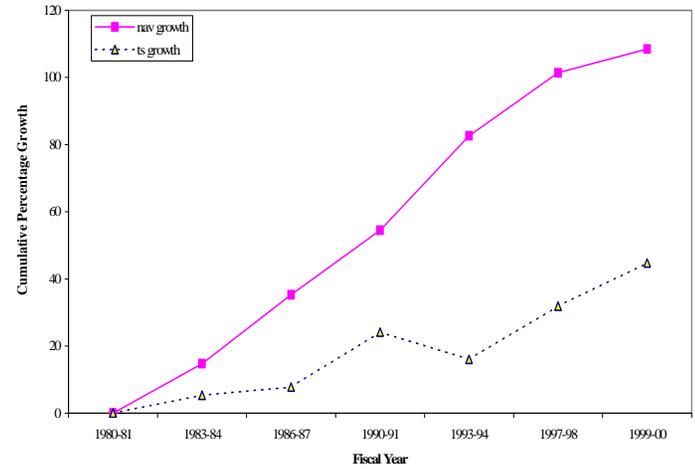
### Victorville

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



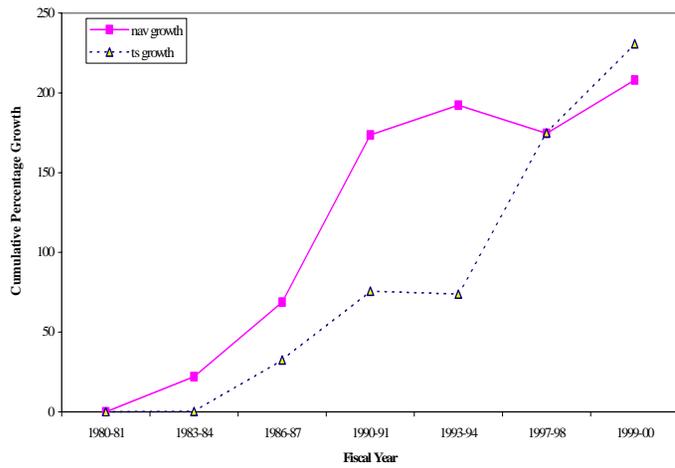
### Visalia

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



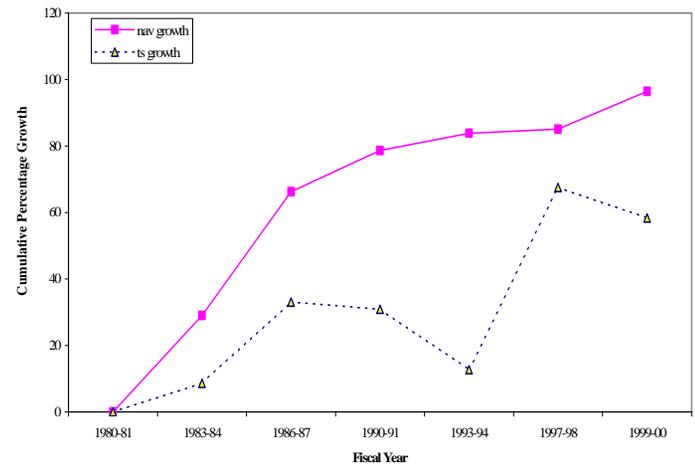
### Vista

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



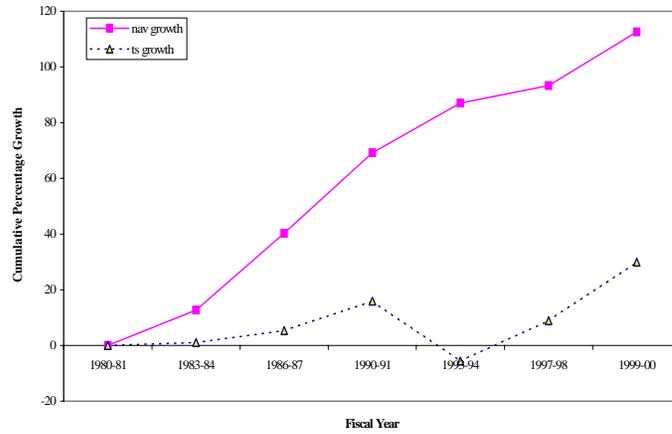
### Walnut Creek

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



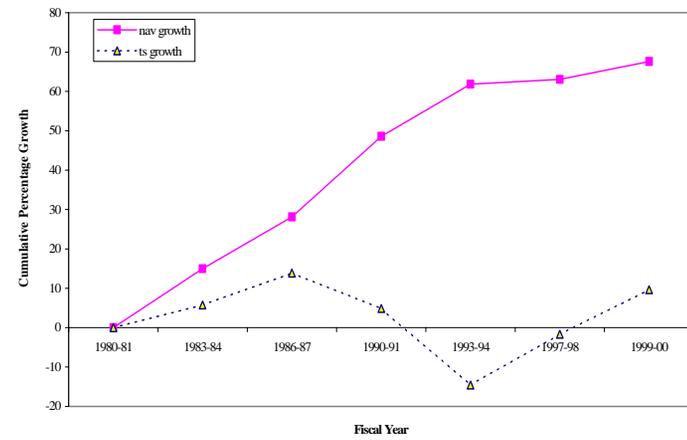
### Watsonville

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



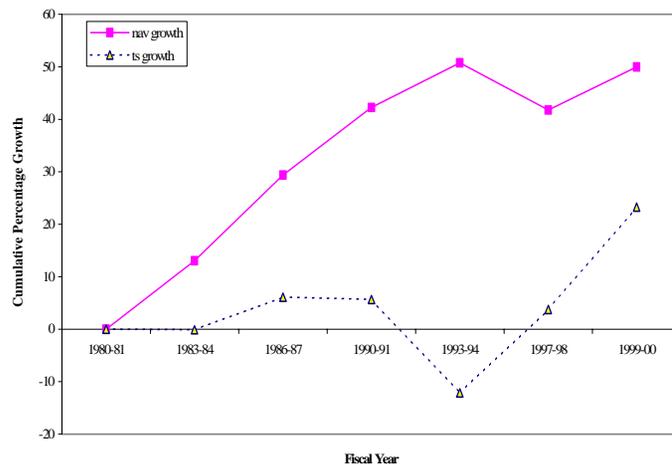
### West Covina

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



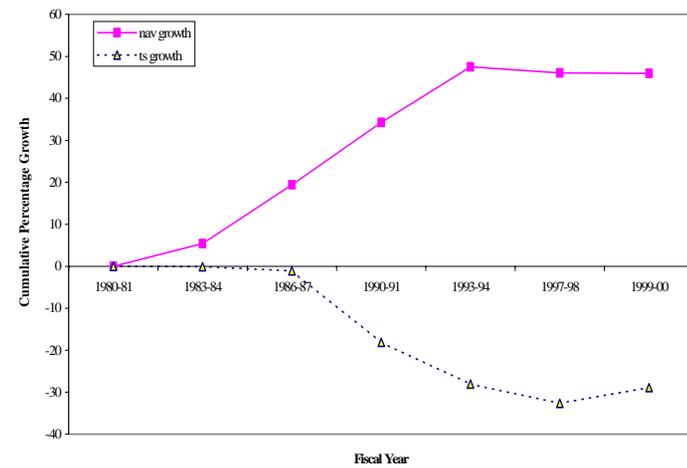
### Westminster

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



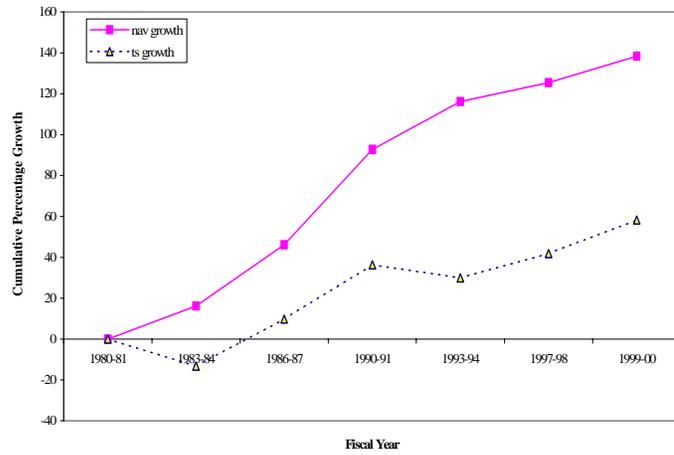
### Whittier

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



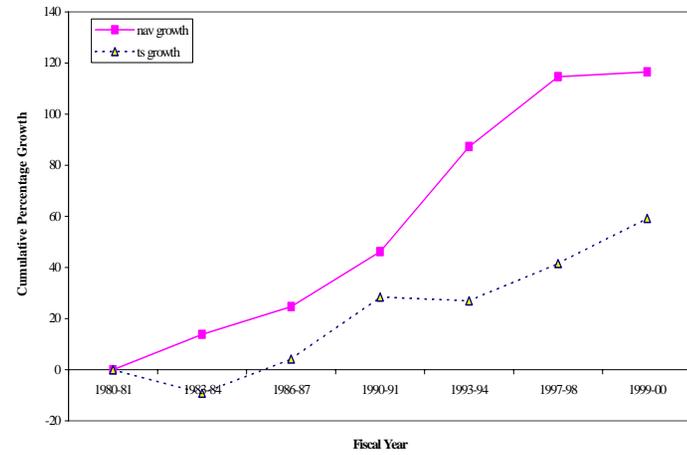
### Woodland

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



### Yuba City

Cumulative Percentage Growth in Net Assessed Value and Taxable Sales  
Adjusted for Inflation, Base 1980



**SPLIT ROLL DOES NOT MAKE GOOD BUSINESS SENSE**

**I. History** – In the early 1970’s, real estate values in California began a run-up in value that continues today. At that time, the property tax system in California was similar to most other states, in that, real property was either reassessed every year or reassessed on a regular basis (i.e.: Ohio reappraises real property every six years). With the run-up in values, taxpayers in California were suffering increases of 10% to 50%, sometimes even higher, in value and taxes every year. During the period 1972 through 1977, the legislature talked about passing legislation to mitigate these huge yearly increases in real property taxes, but was unable to develop legislation that could pass. As you know, Paul Gann and Howard Jarvis took matters into their own hands and proposed Proposition 13, which passed in June of 1978. Under Prop. 13, all real property in California is revalued at the 1975 roll value plus an inflation factor of no more than 2% per year unless there is a change of ownership. Then the Base Year or new Prop 13 value is the purchase price by the new owner. In most years since 1978, the inflation factor has been 2% (with the exception of in a few years in which it has been less than 2%).

Since 1978, certain interests have attempted to pass a split roll which would separate all non-residential property and value that property at fair market value, while leaving residential property at their Prop. 13 value. In 1992, Proposition 167 (A split roll initiative) was soundly defeated by the electorate, because they realized a split roll would have an adverse impact on the California economy.

**II. Current Split Roll Proposals** – More recently, two split roll proposals are being discussed:

- A. A “Classic” Split Roll – Under which all non-residential real property would be reappraised on a yearly basis or every 2 years. An even more direct “classic” split roll would impose a higher tax rate on non-residential property.
- B. “Change of Ownership” Split Roll – Under which a legislative change would be made in the current Change of Ownership rules to dictate a reappraisal of real property each time a change of 50% of the stock in an entity changes hands on a cumulative basis. (As compared to a single transaction under current rules).

**III. Reasoning for Split Roll** –

- A. Prop 13 critics claim the property tax burden on residential taxpayer versus business is greater today than in 1978 because business properties do not turnover as often as residential properties.

Over the years since Prop 13 was enacted, the State Board of Equalization has maintained data comparing the percentage of residential real property assessed valuation for properties receiving a homeowners exemption to the assessed value of all other property.

This calculation indicates that the assessed value of residential real property receiving a homeowners exemption varied from 33.6% in 1979-80 to 32.8% in 1990-91, fluctuating very little during that period. In 1991-92, the percentage began a rise from 33% to 38% in 1996-97, and has fluctuated very little since. These calculations are flawed. The total state wide valuation for all years contain two types of property not valued under Prop 13. State Assessed Property and Business Personal Property are valued at fair market value, and the fact that these values are included in the calculations skew the calculation. If the State Assessed Property and the Business Personal Property valuations are removed from the statewide total, the increase in valuation of properties receiving the homeowners exemption actually decreases as a percentage of the total. In 1979-80, real properties receiving the homeowners exemption was 51.2% of the properties valued under Prop 13. This percentage drops to as low as 36.7% in 1990-91 and 1991-92. As of 2002-03, this percentage is now at 42.4% while all other property has increased from 48.8% in 1979-80 to 57.6% in 2002-03. (See Attached Comparison of Proposition 13 Burden Borne by Homeowner Occupied Properties vs. Non-Homeowner Occupied Properties).

### **Conclusive Results – Businesses Pay More Property Taxes Than Ever**

A proper analysis shows there is no property tax shift from Homeowner Occupied Property (Non-Income Producing Property) to Non-Homeowner Occupied Property (Income Producing Property) caused by Prop 13. This would suggest that a split roll is advocating a business tax increase, not addressing a tax disparity or inequity.

- A. Why does business pay a greater share of property taxes today than in 1978?
  - 1. Business regularly remodel their buildings.
  - 2. Must report new leasehold improvements and fixtures on personal property return.
  
- B. The other reason for a split roll is to simply raise taxes on business.

### **IV. Problems a Split Roll Will Create**

**A. California Business Climate** – California is currently among the nations highest in terms of tax burden borne by business, without accounting for the exorbitant additional costs of burdensome regulations, high-energy costs, and workman’s compensation costs. Adding property taxes caused by a split roll would make a bad business climate significantly worse. In addition, California business taxpayers already pay personal property taxes on the machinery, equipment, computers, supplies, etc that residential taxpayers in California don’t pay. (The total estimated statewide personal property tax for the 2002-03 tax year was \$1.58B.)

**B. Split Roll Proposal No 1** – The classic split roll requires that all non-residential (Non-Income Producing) real property be reappraised either every year or at some specified period of time. This could create many problems within the administrative and budgeting process in the State of California. First, Assessors in most counties do not have the resources to reappraise all non-residential real property yearly or at some

specified period of time. This would require hiring new staff or retraining existing staff to be able to reappraise all of the property. Second, valuing Non-Residential (Income Producing) property on a regular basis means that the value can increase or decrease depending on the current economic conditions. This would worsen an already shaky budget process in an economic downturn by decreasing property taxes collected in a year because the assessors would have to reduce the assessed values to follow fair market value. Since Prop 13 was enacted, the property tax revenue has been a remarkably stable source of revenue increasing every year. That would not be the case with a split roll.

**C. Split Roll Proposal No. 2** – Creating a split roll by changing the Change of Ownership rules would be a disaster. The current proposal would require publicly-traded corporations to track individual stock sales, so that once a cumulative 50% of the stock has changed ownership, a reappraisal of the entity's real property would be required. Publicly traded corporations have millions, and sometimes billions, of shares outstanding and it is virtually impossible to track every single share. Sometimes, it is not unusual for large shareholders to trade the same 20% of the stock multiple times during one year. Is that a change of ownership if the same 20% changes hands? This proposal will also create a class of property owned by entities that are not publicly traded, and make those properties more difficult to track and create a disparity in the taxation of non-residential property.

## **V. Conclusion**

There has been no structural change in property taxes between Homeowner Occupied Residential (Non-Income Producing) real property and Non-Homeowner Occupied Property (Income Producing) real property. Therefore there is no apparent reason for a split roll other than **to raise taxes**. In fact, income producing properties are already assessed at higher ratio of fair market value than non-income producing properties and a split roll will force businesses where possible to raise prices to cover the higher taxes, reduce their facilities in California, and greatly discourage new or existing facility investments.

### **Presentation for the California Commission on Tax Policy in the New Economy Split Roll – September 25, 2003 San Francisco, CA**

**Terrance P. Ryan - Director of State & Local Taxes, Apple Computer**  
**William L. Harris - Manager of Property Taxes, Intel Corporation**  
**Representing - American Electronics Association, California Taxpayers**  
**Association, Silicon Valley Manufacturing Group**  
**California Manufacturers and Technology Association**

# Michael Coleman

## Slide 1

**Local Sales Tax for Property Tax Swap: Mechanics and Effects**

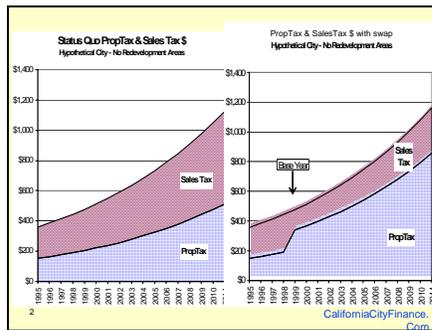


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## Slide 2



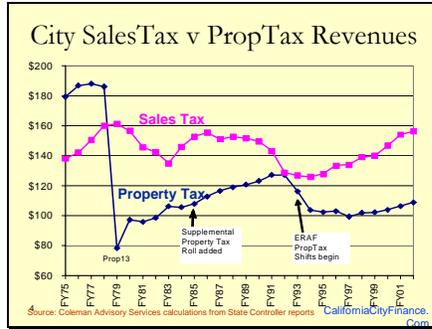
## Slide 3

The City Budget Impact of a Sales Tax for PropTax Swap depends on ...

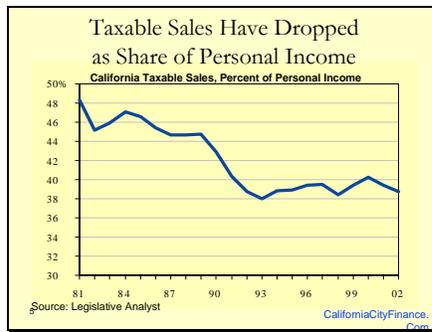
- ◆ The city's relative future % growth of property tax \$ versus sales tax \$.
- ◆ Depends on ...
  - Local economic trends *from the base year forward*,
  - Future land use and economic plans for the city.
- ◆ Big sales tax cities / low property tax cities are not necessarily losers. Low sales tax cities / big property tax cities are not necessarily winners.

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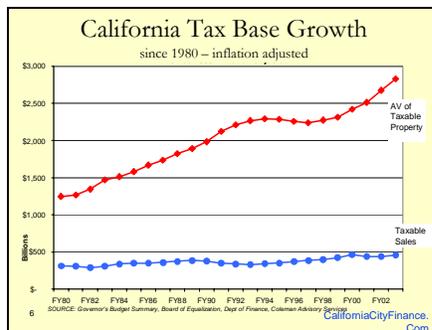
Slide 4



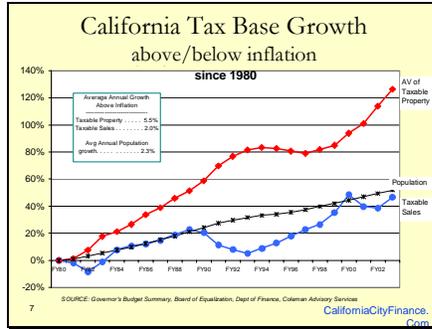
Slide 5



Slide 6



Slide 7



Slide 8

### Budget Impact

- ◆ Cities whose future land use growth pattern is dominated by new sales tax generators are likely to be worse off.
- ◆ Budget impact depends on where base year is in the economic cycle.
- ◆ Changes to property tax or sales tax base
  - Orange County 2% prop tax reassessment
  - Changes in commercial property reassessment?
  - Remote sales?
  - Broadening of sales tax base?

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Slide 9

### Does it Work?

- ◆ Effect on "fiscalization of land use" depends on amount of increase in property tax share.
  - Greater property tax share helps non-retail development produce sufficient new revenues.
- ◆ Increase in property share varies widely depending on amount of SalesTax swapped = amount of sales tax revenue in base year in each city/county.

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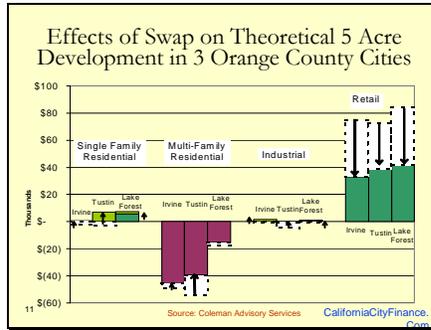
Slide 10

### Theoretical Comparison of Annual Costs and Revenues from Different Development Proposals - 5 acre parcel

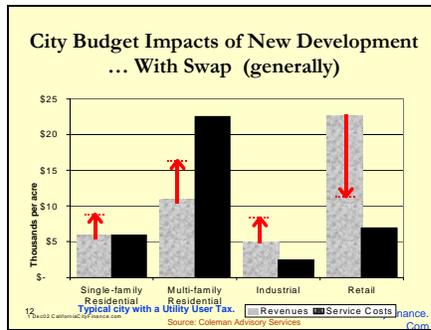
Year	Irvine				Tustin				Lake Forest			
	W/ Staff	M/ Staff	Inter	Retail	W/ Staff	M/ Staff	Inter	Retail	W/ Staff	M/ Staff	Inter	Retail
01/01/2010	0	0	0	0	0	0	0	0	0	0	0	0
01/01/2011	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
01/01/2012	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
01/01/2013	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
01/01/2014	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
01/01/2015	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
01/01/2016	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
01/01/2017	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
01/01/2018	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
01/01/2019	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
01/01/2020	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
01/01/2021	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000	11,000
01/01/2022	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
01/01/2023	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
01/01/2024	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
01/01/2025	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
01/01/2026	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
01/01/2027	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
01/01/2028	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
01/01/2029	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000	19,000
01/01/2030	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
01/01/2031	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
01/01/2032	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
01/01/2033	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
01/01/2034	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
01/01/2035	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
01/01/2036	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
01/01/2037	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000	27,000
01/01/2038	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000	28,000
01/01/2039	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000	29,000
01/01/2040	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
01/01/2041	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
01/01/2042	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
01/01/2043	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
01/01/2044	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
01/01/2045	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
01/01/2046	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
01/01/2047	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000	37,000
01/01/2048	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000	38,000
01/01/2049	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000	39,000
01/01/2050	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000

Source: Coleman Advisory Services. CaliforniaCityFinance.com

Slide 11



Slide 12



## Slide 13

### Complications: SalesTax-PropTax Swap

- ◆ Cities & counties with redevelopment areas
  - Use change in AV for growth in shifted prop tax
  - If growth in shifted \$ is tied to prop tax growth, those with redevelopment areas are penalized
- ◆ Annexation areas
  - Small bump in prop tax share discourages development in rural areas
  - Upon annexation, property tax share of annexing agency should apply.

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# Steve Sheffrin & Terri Sexton

## Slide 1



THE CENTER FOR STATE AND LOCAL TAXATION

The Market Value of Commercial Real Property  
In Los Angeles County, 2002

Terri A. Sexton Professor and Chair Department of Economics CSU Sacramento	Steven M. Sheffrin Dean, Division of Social Sciences College of Letters and Science UC Davis
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## Slide 2



THE CENTER FOR STATE AND LOCAL TAXATION

**Objective of this study:**

- To estimate the market value of commercial and industrial property in Los Angeles County for use in property tax policy discussions
- We use this estimate to forecast the revenue gains that would result from market value assessment of commercial and industrial property

## Slide 3



THE CENTER FOR STATE AND LOCAL TAXATION

**Previous Studies:**

- *Property Taxes & Tax Revolts: The Legacy of Proposition 13* by Arthur O'Sullivan, Terri A. Sexton, and Steven M. Sheffrin, Cambridge University Press, 1995.
- *Proposition 13 in Recession and Recovery* by Steven M. Sheffrin and Terri A. Sexton, Public Policy Institute of California, 1998.

Slide 4



THE CENTER FOR STATE AND LOCAL TAXATION

**Methodology:**

**Data**

Los Angeles County 2000-01 and 2001-02 property tax roll data were purchased from CD-Data (Parcel Quest)

Slide 5



THE CENTER FOR STATE AND LOCAL TAXATION

**Methodology**

**Disparity Ratios**

1. Identify sales from the 2001-02 roll data
2. Retrieve assessed value prior to sale and base year prior to sale from the 2000-01 roll data for all sales identified in step 1.

**Base Year** = year of most recent sale  
Properties that have not sold since 1975 have a 1975 base year.  
A property will have multiple base years if it has been modified since its last sale.

Slide 6



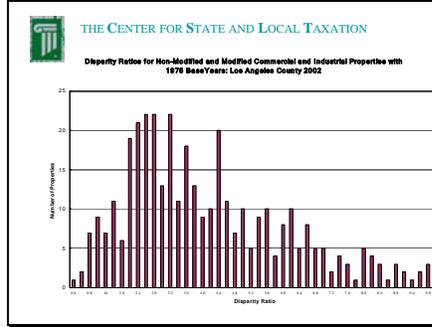
THE CENTER FOR STATE AND LOCAL TAXATION

**Methodology**

**Disparity Ratios (continued)**

3. All sales were separated into categories based on their prior base year and whether or not the property has been modified since last sale (based on 1996 data)
4. For all sales we computed the disparity ratio:  
  
**disparity ratio = market value/assessed value**
5. Within each category we determined the median disparity ratio

Slide 7



Slide 8

THE CENTER FOR STATE AND LOCAL TAXATION  
 Median Disparity Ratios For Non-modified, CI Properties in Los Angeles County

Base Year	Median Disparity Ratio	Base Year	Median Disparity Ratio
1975	4.00	1989	1.17
1976	3.23	1990	1.16
1977	3.14	1991	1.23
1978	3.78	1992	1.14
1979	2.77	1993	1.20
1980	1.92	1994	1.21
1981	1.58	1995	1.34
1982	1.66	1996	1.41
1983	1.59	1997	1.31
1984	1.30	1998	1.31
1985	1.36	1999	1.25
1986	1.31	2000	1.23
1987	1.55	2001	1.28
1988	1.27	2002	1.00

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THE CENTER FOR STATE AND LOCAL TAXATION  
 Median Disparity Ratios, Los Angeles County 1991, 1996, 2002

Base Year	1991		1996		2002	
	Number of Properties	Median Disparity Ratio	Number of Properties	Median Disparity Ratio	Number of Properties	Median Disparity Ratio
1975	41,723	5.66	34,184	3.23	21,522	4.00
1976	2,451	4.84	2,012	2.54	1,740	3.23
1980	3,761	3.00	3,129	1.50	2,447	1.52
1985	4,581	1.72	3,578	1.03	2,918	1.36
1990	7,583	1.11	5,609	0.76	3,245	1.16
1991	6,227	1.00	4,611	0.83	2,861	1.23
1992			4,188	0.84	2,623	1.14
1996			5,960	1.00	5,369	1.41
1997					5,628	1.31
2002					3,494	1.00
TOTAL	116,244		117,937		120,654	

Slide 10



THE CENTER FOR STATE AND LOCAL TAXATION

**Methodology**

**Market Value**

1. The entire 2001-02 roll was sorted by category of base year, modified or non-modified, and assessed values were summed within categories (Table 2, column 5)
2. These assessed values were multiplied by the median disparity ratio for each category (Table 2, column 4) to arrive at the estimated market value in each category (Table 2, column 6)
3. Total estimated market value was calculated by summing across all categories (Total in column 6)

**Total estimated MV = \$230,738,102,224**

Slide 11



THE CENTER FOR STATE AND LOCAL TAXATION

**Methodology**

**Revenue Gain from Market Value Assessment:**

1. The difference in assessed value and market value for Los Angeles County is the total from column 6 minus the total from column 5 or:  
$$\$230,738,102,224 - \$146,855,828,299 = \$83,882,273,925$$
2. Estimated additional revenue = 1% of this difference or  
$$\$838,822,739$$
3. Our statewide estimate is 4 times the estimate for L.A.:  
$$\text{Statewide estimated revenue gain} = \$3,355,290,957$$