



Taxpayers watchdog since 1945

707 Broadway, Suite 905, San Diego, CA 92101
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Proposition C: Charter Amendments Regarding the Levy, Assessment and Collection of Property Taxes and the Repeal of Provisions for Collecting Property Taxes the City Cannot Collect Under State Law

April 2016

SDCTA Position:

SUPPORT

Rationale for Position: The SDCTA supports Proposition C as it brings the City of San Diego's charter into compliance with existing state law. In addition, changes to language make the charter much more clear and easy to understand for local citizens. It is to the benefit of taxpayers for official government documents to be concise and consumable to the extent that it is possible.

Title: Proposition C: Charter Amendments Regarding the Levy, Assessment and Collection of Property Taxes and the Repeal of Provisions for Collecting Property Taxes the City Cannot Collect Under State Law

Jurisdiction: City of San Diego

Type: Charter Change Amendment

Vote: Simple Majority (not subject to Mayor's veto)

Status: On the June 7, 2016 Municipal Election Ballot

Issue: Property Tax/Transparency

Description: This measure eliminates sections of the Charter that detail mechanisms for property taxes that the city can no longer levy due to the passage of Proposition 13 (1978). The measure also amends other sections to directly specify that the city can only levy new special taxes that comply with Proposition 13's provisions

Fiscal Impact: The fiscal impact of this measure is minimal as it does not actually change the way that taxes are currently levied in the City of San Diego.

Background:

In San Diego, as in most major municipalities, property tax remains a key component of city revenue and a primary method by which municipal government pays for primary services such as public safety and parks and recreation. In 2014 property tax constituted 36.7% of general fund revenues in the amount of \$460.6 million dollars.¹ Prior to the passage of Proposition 13 in 1978, cities throughout the state of California retained much more

¹ City of San Diego FY 2016 Adopted Budget. *General Fund Revenues*.

<https://www.sandiego.gov/sites/default/files/legacy/fm/annual/pdf/fy16/vol1/v1generalfundrevenues.pdf>



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freedom in the manner in which they levied these taxes, and were able to charge city residents whatever tax rate local authorities deemed appropriate. In many areas, this resulted in precipitous increases in property taxes that disproportionately affected those on low and fixed incomes. The passage of Prop 13 established limits on the increase of property taxes in response to these issues.

Included in the City of San Diego's charter is a separate limit on property taxes which predates the passage of Proposition 13. This passage is as follows:

SECTION 76: LIMIT OF TAX LEVY The tax levy authorized by the Council to meet the Municipal expenses for each fiscal year shall not exceed the rate of \$1.34 on each \$100.00 of assessed valuation of the real and personal property within the city. In addition to the foregoing tax levy, the Council, if necessary, shall levy annually a sum sufficient to meet the requirements of the pension funds herein provided for the Police and Fire Departments and the City Employees' Retirement Fund. No special tax shall be permitted except as expressly authorized by this Charter. The foregoing limitations shall not apply in the event of any great necessity or emergency, in which case they may be temporarily suspended, provided that no increase over said limits, except as in this Charter prescribed shall be made in any fiscal year unless authorized by ordinance adopted by the vote of two-thirds of the electors of this City voting on the proposition, and provided further that no indebtedness shall ever be incurred by The City of San Diego for public improvements which shall in the aggregate exceed twenty-five per cent (25%) of the assessed value of all real and personal property of such City, anything in this Charter contained to the contrary notwithstanding. This limitation on the part of the City to incur indebtedness shall be construed to include any indebtedness which may be incurred by special taxes or by the voting of bonds by the electors.

This section of the Charter was obviated by the passage of Proposition 13. It has however remained in the charter in the preceding years due to the requirement that all changes to the City of San Diego's charter must be brought to the ballot and voted upon by the general citizenry. No party has yet made the effort to remove this unnecessary section.

Policy Implications:

The actual legal effects of this measure are null, as it simply brings the charter into alignment with state law under Proposition 13. Removing unnecessary sections from the charter does provide the benefit of increasing the document's clarity and readability. Disembodied from a knowledge of superseding state law, an average citizen could find themselves confused trying to understand what mechanism is followed when property tax is levied.

Fiscal Impact:



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The fiscal impact of this measure is also minimal. As stated before, the changes made to the charter by this amendment do nothing to alter the actual process of taxation in the City of San Diego. The change does slightly reduce the length of the charter, which may save the City and its taxpayers an ignorable sum each time the charter is brought to the ballot in voter guide printing costs.

Summary of Policy Recommendations

As an organization dedicated to increasing efficiency and improving clarity in local governance, the SDCTA supports this charter change amendment. It is the view of the SDCTA that whenever possible, city officials should endeavor to make the legal documents that govern the lives of San Diegans as consumable as possible. San Diegans should be able to ascertain their tax liability and what rules govern it without having to parse unfollowed legislation.

List of Proponents:

- Council President Sherri Lightner
- Councilmember Chris Cate
- San Diego Regional Chamber of Commerce
- League of Women Voters

Proponent Arguments:

- Proposition C updates the charter to bring it into alignment with current practice while also increasing the readability of the document to improve ability for city residents to understand the documents that govern the city.

List of Opponents:

None known

Opponent Arguments:

None known (no ballot arguments submitted)