

I JUST SIGNED A CHECK FOR \$10,000, AND I WANT TO TELL YOU WHY

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Dear Clients and Friends-

For the first time in 42 years, I am sending you an email, not about a case or a new law, but about a ballot initiative. I just signed a check for \$10,000, and I want to tell you why.

Proposition 15 on the November ballot will dramatically increase property taxes on most commercial real estate, eliminating the Proposition 13 protections that have been in place since 1978. Proposition 15 will raise \$12.5B for the State (it says for local government and schools, but if you read the language carefully, they only get what is left over after the State takes its cut), which will result in the largest tax increase in California history. And, it will all be done on the backs of commercial property owners and the businesses that are their tenants. In most commercial settings, the increased taxes will be paid by tenants and then will have to be passed onto consumers. Predictions are that 120,000 jobs will be lost. Virtually all commercial property would be immediately reassessed to 2021 values (owners with properties collectively under \$3M in value would be exempt).

For decades, the higher tax advocates have wanted to have a split roll property tax, and have just been waiting for the right opportunity to amend Proposition 13. This year, they saw their opportunity. They predicted that, in the November 2020 election, there would be a large turnout at the California polls to vote against Donald Trump, and this would be their best chance to increase property taxes. It is estimated that labor unions and others spent \$5M to obtain the signatures necessary to put Proposition 15 on the ballot.

A reading of the Initiative will confirm that it first funds the State's coffers to make up for the "decreases in revenue from the state's personal income tax and corporation tax due to increased tax deductions" and the cost of the Initiative. Then, what's left over is divided 60% to

local governments and 40% to schools.

Because we know how much this Initiative will hurt our clients and our State's economy, and our firm as a building owner, I signed that check today to help defeat the Initiative in November. If you own commercial property or are a tenant in commercial property, I urge you to do so as well. Our firm's check went to the California Business Property Owners Issues Political Action Committee (CBPA Issues PAC, 1121 L Street, Suite 809, Sacramento, California 95814). CBPA (cbpa.com), and its longtime Executive Director, Rex Hime, have done a wonderful job advocating for business property owners for decades, which is why our firm is a member of CBPA. You can choose to donate to CBPA online, or, in the alternative directly to the No on 15 campaign (www.noonprop15.org).

More information about the Initiative and the opposition thereto can be found on either website.

Thanks for reading. I can now return to new cases and new laws while you pull out your checkbooks! I just put a bottle of champagne on ice to open on November 3, when Proposition 15 goes down in defeat thanks to our collective efforts.

Chuck