



NO BANG FOR THE NEW TAX BUCK

Proposition 88

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DECISION 2006

Proposition 88, the Classroom Learning and Accountability Act, would impose a statewide parcel tax on every property owner in California and funnel the revenue into programs in five different areas of education. The estimated revenue for the state of California would be approximately \$450 million annually, which would be used to increase spending for specific areas of California's K-12 education system. Proposition 88 is an extremely flawed piece of legislation from both a fiscal and education standpoint.

Fiscal Problems

- **Regressive Nature**

Proposition 88 assesses a flat \$50 tax on every parcel in the state of California. It is therefore a regressive tax—a tax which puts a disproportionate burden on lower income people.

local level, and Proposition 88 would set another dangerous precedent by shifting the power of raising revenue away from local governments and to the state of California.

- **Undermines Proposition 13**

In 1978, Californians passed Proposition 13 to shield property owners from egregious tax increases and to protect retirees and others on fixed incomes from being forced to sell their properties due to rising tax rates. Proposition 88 sets a dangerous precedent by creating an additional property tax.

- **Creates Recordkeeping Problems**

Proposition 88 exempts senior citizens and severely and permanently disabled persons who live on their property and are eligible for homeowners' exemptions. County assessors currently maintain records that track those who receive a homeowners' exemption, but do not include all those who are eligible. Similarly, assessors do not have records of the age of property owners, and would therefore have to create an entirely new application form that would require significant documentation.

- **Power Shift**

Proposition 88 would be the first statewide property tax since 1910 and the only such tax currently on the books in California. Property taxes have traditionally been levied at the

- **Includes Possessory Interests and Timeshares**
Proposition 88 defines “parcel” as any property that receives a separate tax bill for property taxes. This definition would include possessory interests such as boat slips or fairground concessionaire stations. Timeshares would pose another potential problem. In some counties each timeshare owner is given a separate property tax bill, which would mean that each one-week shareholder would be responsible for the \$50 parcel tax.

- **No Time Frame**
There is no trial period or end date for the increased property tax, so taxpayers will continue to pay the parcel tax indefinitely. With the precedent set of undermining Proposition 13, the amount could conceivably climb even higher in the future.

Educational Problems

- **Class-Size Reduction**
Prop. 88 would pump in \$175 million a year in additional funds for class-size reduction, yet to live up to its silver-bullet image as the key to improving student achievement.

- **Instructional Materials**
Under Prop. 88, \$100 million a year in new tax money would go to buying new standards-aligned textbooks and materials approved by the state Board of Education. The issue is whether schools are spending existing textbook funds wisely and whether a new tax should be the source of increased funding.

- **School Safety**
Many schools have shown that simply by increasing student academic achievement, student behavior and safety problems decline dramatically. Changing the state’s spending priorities, not a new tax, would be the best and most economical way to pay for more safety programs.

- **Data System**
The last bit of money would go to the establishment of a data system that would collect and maintain longitudinal student- and teacher-level data. This system would allow the state to measure student and teacher performance over time, a laudable goal and much needed in order to ensure better accountability for results. A new statewide parcel tax, with all its downsides, is not the way to pay for such a system. Re-direction of current spending should be the route for future funding on this item.

“**Research and experience** suggest that how we spend available education resources is at least as important as how much we spend on education,” wrote the Legislative Analyst’s Office. It is clear that Proposition 88 spends its new tax dollars badly, by simply putting more money into ineffective programs and by not requiring any reforms of the current system. The result will be little, if any, improvement in the academic performance of California’s children if the initiative is passed.