

Split Roll Property Tax Implementation ...An Administrative Nightmare

Special interests qualified one measure for the November 2020 statewide ballot that would dismantle Proposition 13's property tax protections and now they want to gather signatures to qualify a second version. The measures would raise taxes on commercial and industrial property by requiring reassessment at current market value every three years – creating a new base year for every business property in the state. This type of property tax is known as a "split roll tax" because it splits the property tax roll by business vs. residential property.

Administrative Nightmare for County Assessors

- A split roll could increase property tax assessments 12-fold across all counties, according to an [independent analysis](#) prepared for the California Assessors' Association.
- The same analysis estimates up to 900 new positions for appraisers and auditors will be needed to handle the increased workload associated with a split roll. These positions are already difficult to fill and could take years to find and train staff.

Increases Property Tax Administration Costs

- An [independent analysis](#) found that a split roll will increase annual costs by \$517 million to \$639 million statewide for County Assessors and other downstream agencies that will also experience an increased workload, like County Finance Agencies, County Counsels and Assessment Appeals Boards.

Discourages Local Governments from Zoning More Residential Housing

- A split roll will discourage local governments from zoning more residential housing, as they will receive higher property tax revenues from commercial use. As a result, the cost of owning or renting a home could increase, exacerbating the housing crisis even further.
- These measures could also create a financial incentive for local governments to convert open space or conservation land to commercial property and increase assessment workloads even more.

Hurts Small Businesses and Consumers

- Most small businesses rent the property on which they operate, and property owners will simply pass higher taxes on to tenants by raising their rent.
- The measures' higher taxes on businesses will ultimately get passed on to consumers in the form of increased prices on just about everything people buy and use, including groceries, fuel, utilities, day care and health care.

Homeowners and Renters Could Be the Next Target

- If a split-roll property tax measure passes, the sponsors will come after Proposition 13 protections on homeowners next. This will make the housing crisis even worse by increasing the costs of owning and renting a home – it could even force people out of their homes like what happened before the voters passed Proposition 13 in 1978.