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California Secretary of State

AP18:035

FOR IMMEDIATE RELEASE

February 21, 2018

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Proposed Initiative Enters Circulation

Requires Certain Commercial And Industrial Real Property To Be Taxed Based On Fair-Market Value. Dedicates Portion Of Any Increased Revenue To Education And Local Services. Initiative Constitutional Amendment.

SACRAMENTO – Secretary of State Alex Padilla announced the proponents of a new initiative were cleared to begin collecting petition signatures yesterday.

The Attorney General prepares the legal title and summary that is required to appear on initiative petitions. When the official language is complete, the Attorney General forwards it to the proponent and to the Secretary of State, and the initiative may be circulated for signatures. The Secretary of State then provides calendar deadlines to the proponent and to county elections officials. The Attorney General's official title and summary for the measure is as follows:

REQUIRES CERTAIN COMMERCIAL AND INDUSTRIAL REAL PROPERTY TO BE TAXED BASED ON FAIR-MARKET VALUE. DEDICATES PORTION OF ANY INCREASED REVENUE TO EDUCATION AND LOCAL SERVICES. INITIATIVE CONSTITUTIONAL AMENDMENT. Taxes certain commercial and industrial real property based on fair-market value—rather than, under current law, the purchase price with limited inflation. Exempts agricultural property and certain small businesses. Dedicates portion of any increased revenue to local services and to supplement, not replace, state's minimum-funding guarantee to schools. Provides tax exemption for \$500,000 worth of tangible personal property used for business and all personal property used for certain small businesses. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Net increase in annual property tax revenues of \$6.5 billion to \$10.5 billion in most years, depending on the strength of real estate markets. After paying for county administrative costs and backfilling state income tax losses related to the measure, the remaining \$6 billion to \$10 billion would be allocated to schools (40 percent) and other local governments (60 percent).** (17-0055.)

The Secretary of State's tracking number for this measure is 1851 and the Attorney General's tracking number is 17-0055.

The proponents of the measure Anthony Thigpenn, Helen Hutchison, and Benjamin McBride must collect the signatures of 585,407 registered voters (eight percent of the total votes cast for

Governor in the November 2014 general election) in order to qualify it for the ballot. The proponents have 180 days to circulate petitions for the measure, meaning the signatures must be submitted to county elections officials no later than August 20, 2018. The proponents did not provide contact information.

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