

# Parcel Taxes for Education in California

Margaret Weston



# The parcel tax is unique to California

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- Local revenue option that stems from Prop. 13
- Flat tax on land applied to all taxpayers, with few exceptions
- Requires two-thirds majority at ballot box
- Subject to many legal challenges



# Why talk about parcel taxes?

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- Constitutional amendments would lower passage threshold
- Legal challenges (*Borikas v. Alameda*)
- Local Control Funding Formula



# Outline

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- Parcel tax districts
- Effect of a lower threshold
- Conclusion



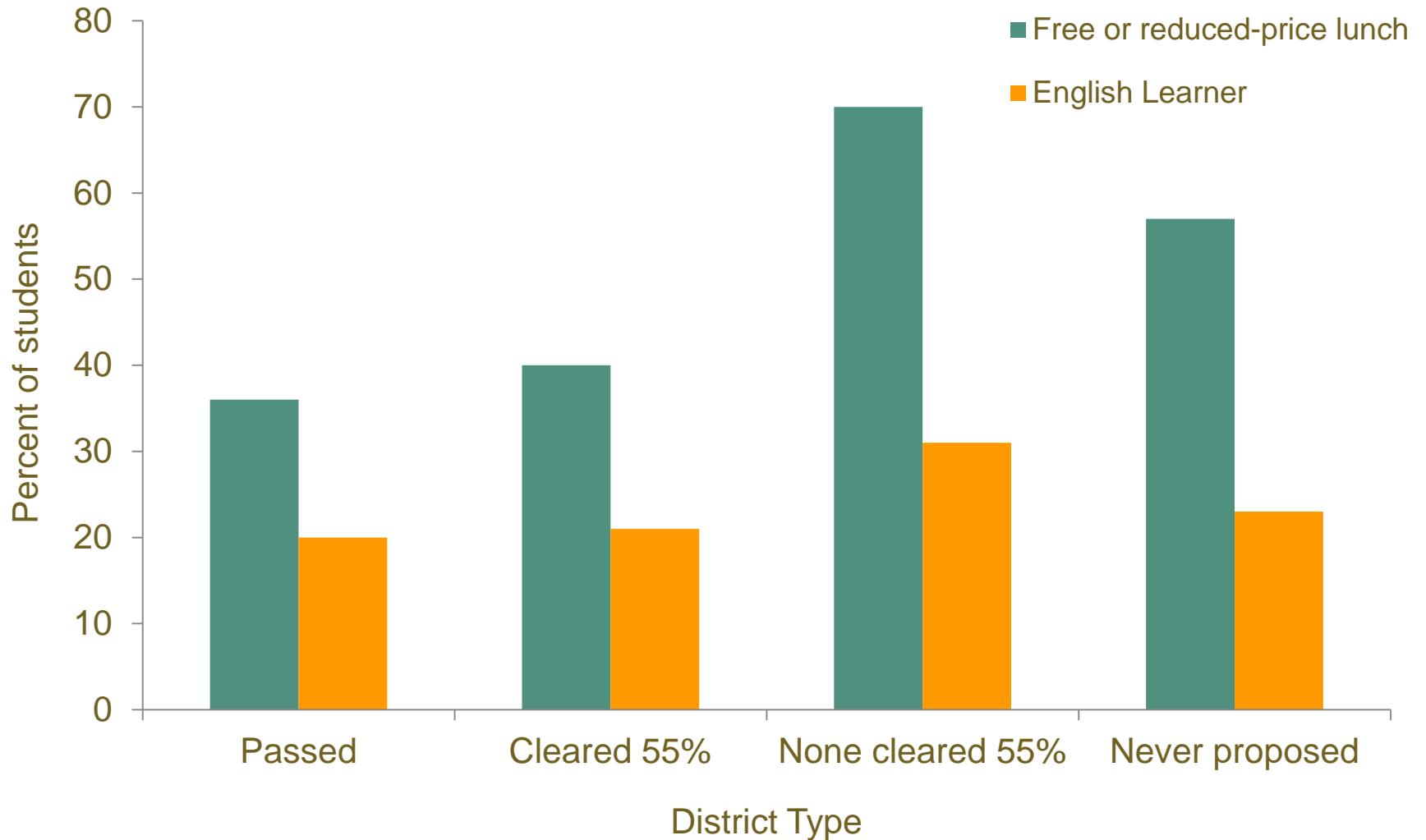
# School district parcel taxes

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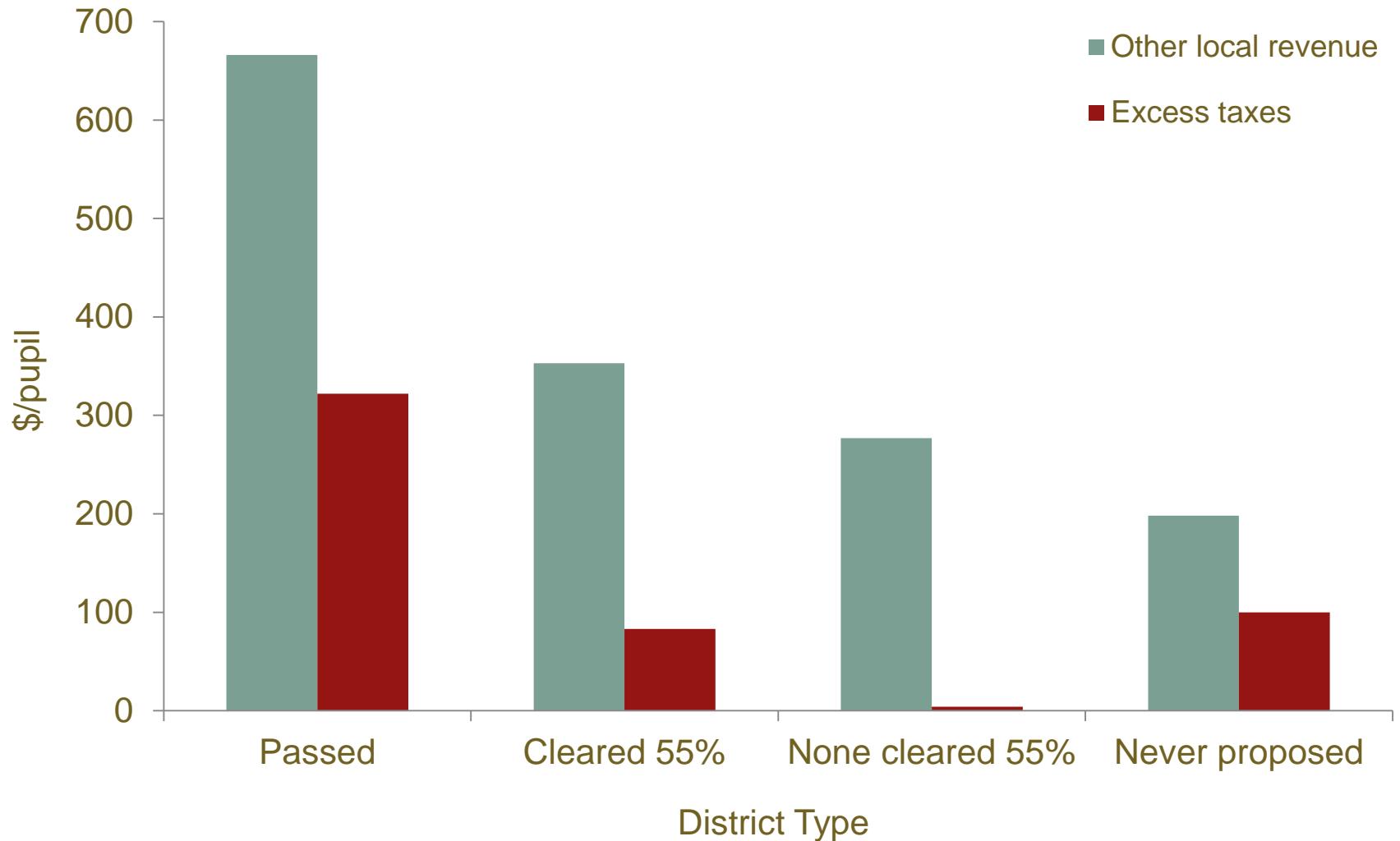
- Districts propose half of all parcel tax measures
- About 60% approved, in a few wealthy districts
- Most are time-limited flat fees with exemptions for seniors
- Revenue is modest share of district budgets



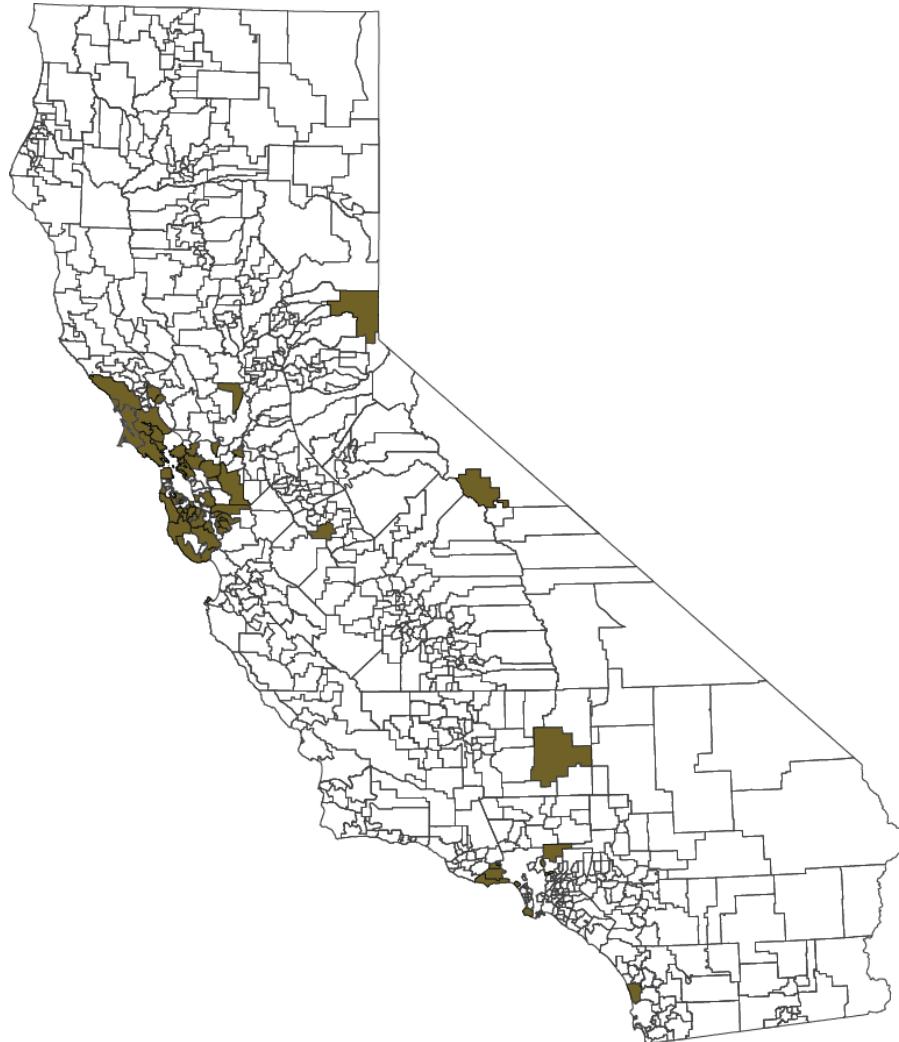
# Parcel tax districts serve fewer disadvantaged students



# Parcel tax districts benefit from other sources of local revenue



# Parcel taxes are concentrated in the Bay Area



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# Will a lower threshold induce more districts to propose parcel taxes?

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- 75% of failed measures would have passed with a 55% threshold
- Districts that cleared 55% closely resemble districts with parcel taxes



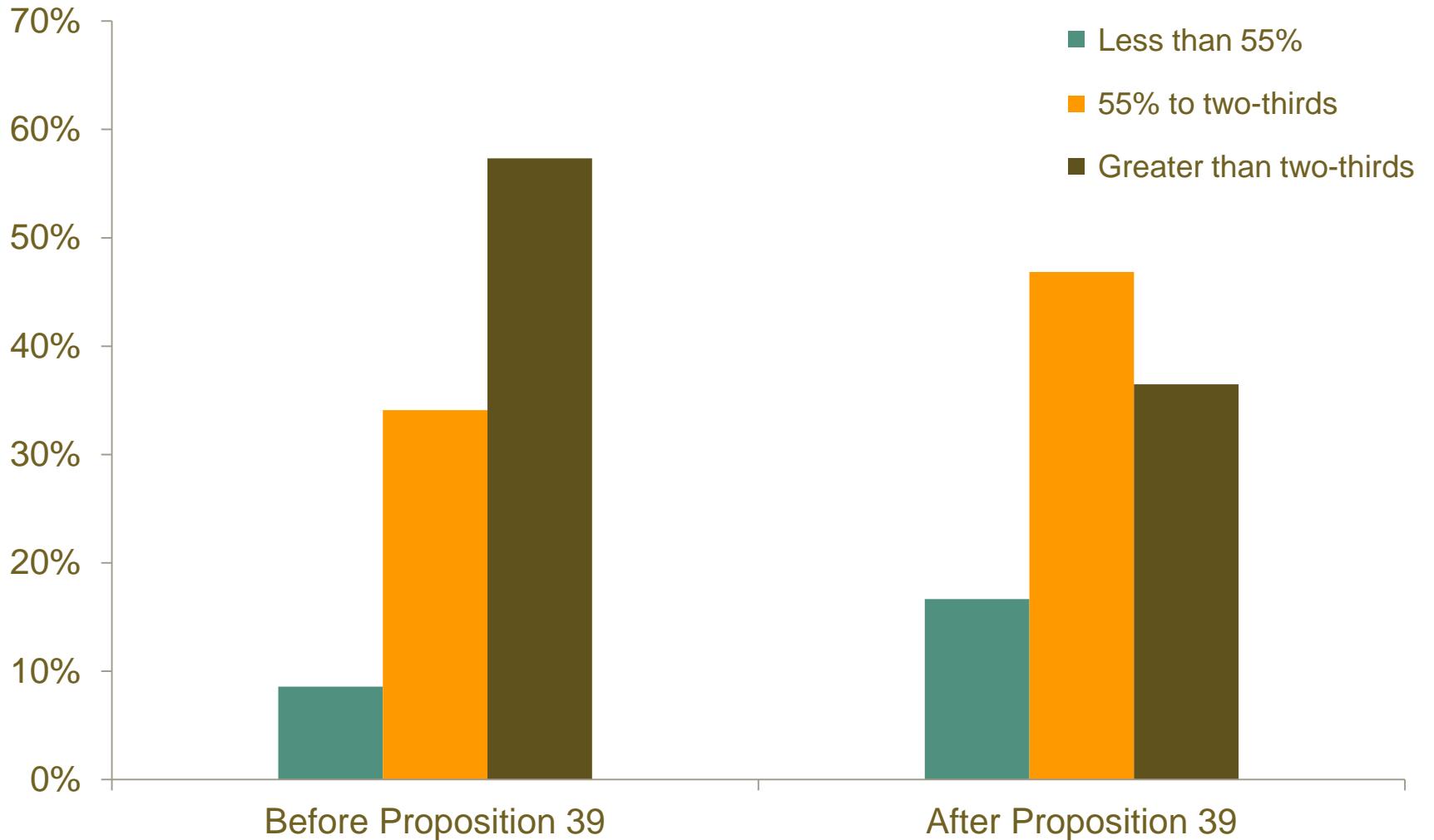
# A comparison case: school construction bonds

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- Proposition 39 lowered the threshold for passing school construction bonds to 55% in 2000
- Comparison not perfect, but there are key similarities



# After the threshold change, more bonds passed



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# Impact of a lower threshold is uncertain

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- Likely to lead to more measures—but probably not in new areas of the state
- Might help wealthier districts adjust to the new school finance formula
- Other parcel tax changes might gain traction
  - Pricing mechanisms
  - Exemptions



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# Notes on the use of these slides

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These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.

