Parcel Taxes for Education in California

Margaret Weston
The parcel tax is unique to California

- 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?

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

- Parcel tax districts
- Effect of a lower threshold
- Conclusion
School district parcel taxes

- 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

<table>
<thead>
<tr>
<th>District Type</th>
<th>Free or reduced-price lunch</th>
<th>English Learner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passed</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Cleared 55%</td>
<td>60%</td>
<td>30%</td>
</tr>
<tr>
<td>None cleared 55%</td>
<td>80%</td>
<td>50%</td>
</tr>
<tr>
<td>Never proposed</td>
<td>90%</td>
<td>60%</td>
</tr>
</tbody>
</table>
Parcel tax districts benefit from other sources of local revenue

### Chart:

- **District Type**:
  - Passed
  - Cleared 55%
  - None cleared 55%
  - Never proposed

- **$/pupil**:
  - Other local revenue
  - Excess taxes

The chart illustrates the distribution of other local revenue and excess taxes for different district types.
Parcel taxes are concentrated in the Bay Area
Outline

- Parcel tax districts
- Effect of a lower threshold
- Conclusion
Will a lower threshold induce more districts to propose parcel taxes?

- 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

- 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.

Before Proposition 39
- Less than 55%
- 55% to two-thirds
- Greater than two-thirds

After Proposition 39
- Less than 55%
- 55% to two-thirds
- Greater than two-thirds
Outline

- Parcel tax districts
- Effect of a lower threshold
- Conclusion
Impact of a lower threshold is uncertain

- 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

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.