

JUNE 2008

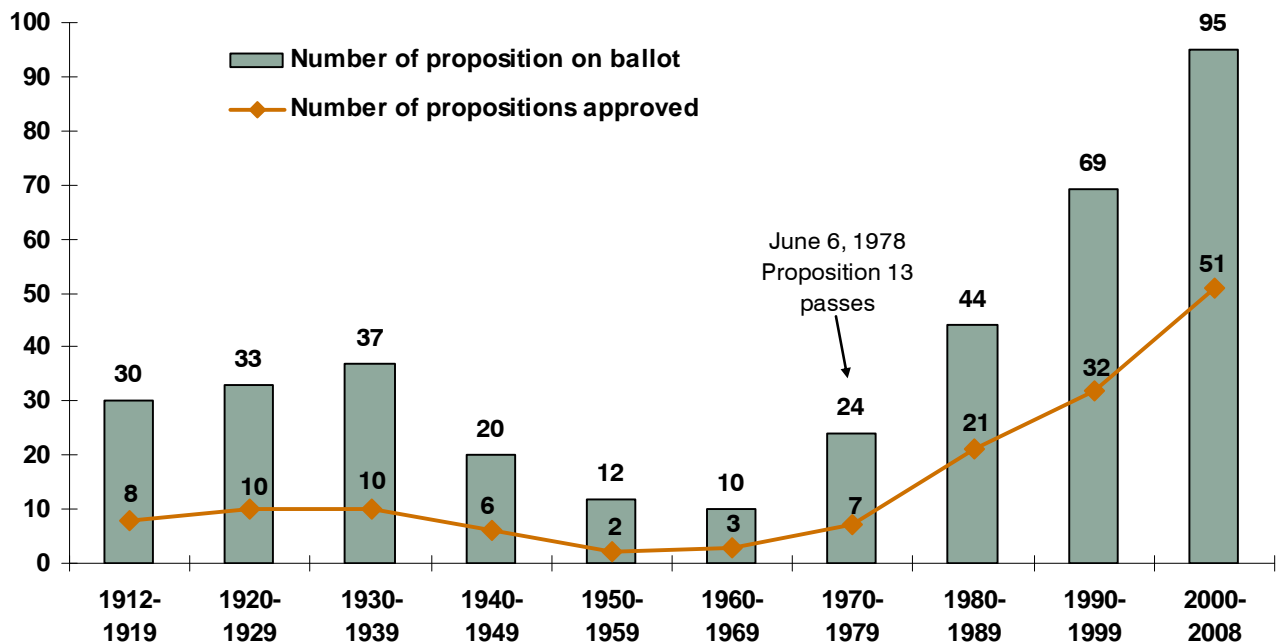
- **PROPOSITION 13 PASSED AT A TIME OF ESCALATING HOUSING VALUES AND PROPERTY TAXES.**  
This year marks the 30<sup>th</sup> anniversary of Proposition 13, the citizens' initiative that limits the property tax rate to 1% of the assessed value of a home at the time of purchase and holds annual tax increases to no more than 2% until the property is sold. In addition, Proposition 13 requires that all state tax increases be approved by a two-thirds vote of the legislature and that local special taxes be approved by a two-thirds majority of voters. In June 1978, California voters overwhelmingly supported Proposition 13 (65% yes, 35% no) in a statewide primary that saw a 69% turnout.
- **IT FUNDAMENTALLY CHANGED PROPERTY TAX RATES AND LOCAL GOVERNMENT REVENUE SOURCES.**  
Proposition 13 is a constitutional amendment. When it passed, property owners benefited from an immediate reduction in their tax bills and from the promise of long-term stability in their property tax increases. At the same time, it resulted in a dramatic reduction in the amount of local property tax revenue available for cities, counties, and schools. Property taxes had been one of the largest revenue sources for local and state governments – but after Proposition 13, local governments could no longer provide the same level of services using their own revenue. Today, much of their revenue comes through the state government, and they must rely less on property taxes and more on other taxes and fees. In addition, state and local governments have become more dependent on voters' support for taxes to provide services to residents.
- **AND IT RESULTED IN A PROFOUND SHIFT OF POWER FROM THE LEGISLATURE TO THE VOTERS.**  
State ballots have grown longer and more complicated since Proposition 13 passed. In this decade, a record number of 95 state propositions have already appeared on the ballot. In recent PPIC Statewide Surveys, 74% of likely voters say it is "a good thing" that voters can make laws and change public policy by passing initiatives, 60% say that the public policy decisions made by the voters through the initiative process are probably better than those made by the governor and legislature, and 71% are satisfied with the way the initiative process is currently working in California.
- **SUPPORT FOR PROPOSITION 13 HAS REMAINED CONSISTENTLY HIGH.**  
Recent PPIC Statewide Surveys have found a solid majority of residents (59%) saying that passing Proposition 13 has been "mostly a good thing" for California. At the 25<sup>th</sup> anniversary in 2003, 57% of residents held this view. Today, support is high across parties, but homeowners are more likely than renters to say it has been mostly a good thing (67% to 47%).
- **BUT RESIDENTS ARE DIVIDED OVER SOME OF THE CONSEQUENCES OF PROPOSITION 13.**  
Opinion is currently split over the effect that Proposition 13's property tax limitations has had on local government services (27% good effect, 28% bad effect, 29% no effect). In 1998, at the 20<sup>th</sup> anniversary, 38% of residents said good effect and 23% said bad effect. Today, residents are also divided over Proposition 13's effect on the supermajority vote requirement for local special taxes (32% good effect, 28% bad effect, 25% no effect). Still, residents (34% favor, 59% oppose) and voter groups oppose reducing the two-thirds requirement to a 55% supermajority to pass local special taxes.



## Proposition 13: 30 Years Later

		All Adults	Party			Homeownership	
			Dem	Rep	Ind	Own	Rent
Overall, do you feel passing Proposition 13 turned out to be mostly a good thing for California or mostly a bad thing?	Mostly a good thing	59%	56%	80%	57%	67%	47%
	Mostly a bad thing	27	31	11	29	23	32
	Mixed (vol)	2	3	2	2	2	2
	Don't know	12	10	7	12	8	19
Overall, do you think the property tax limitations imposed by Proposition 13 have had a good effect or a bad effect or no effect on local government services provided to residents in the state of California?	Good effect	27	25	36	27	32	22
	Bad effect	28	35	14	30	27	30
	No effect	29	26	36	29	31	28
	Don't know	16	14	14	14	10	20
Overall, do you think the supermajority vote requirement imposed by Proposition 13 has had a good effect or a bad effect or no effect on local government services provided to residents in the state of California?	Good effect	32	26	48	41	38	23
	Bad effect	28	32	14	22	25	33
	No effect	25	26	25	23	24	27
	Don't know	15	16	13	14	13	17
Do you favor or oppose allowing local special taxes to pass with a 55% majority vote instead of a two-thirds vote?	Favor	34	41	24	35	32	37
	Oppose	59	51	70	61	61	55
	Don't know	7	8	6	4	7	8

## State Propositions on the Ballot



**Sources:** Baldassare and Katz, *The Coming Age of Direct Democracy*, Rowman & Littlefield Inc. 2008; California Secretary of State *Statement of Vote, for 1978 June Primary Election*; and [PPIC Statewide Surveys](#), September 1998, February 2003, May 2008.

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