

Proposition 13

Proposition 13, or "Prop 13" as it is often called, was a landmark proposition placed before California voters in 1978. Despite expectations that Prop 13 would fail at the polls, the measure went through, adding an amendment to the California Constitution which would prove to be a topic of controversy and heated discussion for decades afterward. In addition to being remarkable within the state of California, Prop 13 also attracted national attention.

In essence, Prop 13 limited property taxes in California to no more than one percent of a home's assessed value. Furthermore, under Prop 13, assessments of property values could not rise by more than two percent per year, unless a property was sold, in which case it could be assessed at a new value. Prop 13 also added a measure which would require a two thirds majority to increase any taxes in California, thereby making it very difficult for the legislature to pass laws to raise the tax rate, even when the state struggled to balance the budget.

Prop 13 was part of a larger tax revolt which took place across the United States in the 1970s and 1980s as property values began to rise dramatically, thereby causing a corresponding rise in the rate of taxation. Many home-owners revolted, furious at fluctuating and increasingly higher property taxes, especially in areas which were experiencing stratospheric increases in property values.

Advocates of Prop 13 argued that fluctuating property taxes hurt homeowners, especially elderly homeowners on fixed incomes, who might be ill-prepared to deal with a sudden rise in their tax rate. They also suggested that high tax rates in expensive areas essentially subsidized communities with lower tax rates.

One of the immediate effects of Prop 13 was a dramatic decrease in property tax income, and a corresponding struggle for funding among schools, law enforcement, and other organizations which rely on property taxes for part of their income. In response, some regions started putting parcel tax measures on their ballots to provide funding for local emergency services. Prop 13 also had an impact on the housing market, as people grew inclined to hold on to property longer to take advantage of low assessed values, rather than selling it and buying new property which would receive a higher tax rate.

Several attempts have been made to reform or abolish Prop 13 in California since 1978, but these attempts have ultimately been unsuccessful, even when evidence strongly suggests that the state desperately needs more sources of income. One reason these efforts often fail has to do with concern for elderly homeowners; most California politicians do not want to attract negative attention by potentially creating a situation in which elderly homeowners could be faced to pay higher property taxes.

Sources:

<http://www.wisegeek.com/in-california-what-is-prop-13.htm>

<http://www.caltax.org/research/prop13/prop13.htm>

[http://en.wikipedia.org/wiki/California_Proposition_13_\(1978\)](http://en.wikipedia.org/wiki/California_Proposition_13_(1978))