

# California Self Storage Operators...

## **YOUR PROPERTY TAXES COULD GO UP 300% IN NOVEMBER**

### **Protect Prop 13**

California's Proposition 13 protects property owners from dramatic property tax assessments and rate increases.

The National Self Storage Association and the California Self Storage Association need your participation and contributions in efforts to defeat a November ballot measure, known as Split Roll, which would repeal Proposition 13.



The above are examples of potential changes in tax treatment for 66,000 SF (left) and 100,000+ SF (right) storage properties, should Proposition 13 protections for commercial properties be repealed.

- In November, for the first time in 4 decades, Prop. 13 as we know it may be repealed via statewide vote.
- Although the lengthiest-tenured properties will be affected most, even the most recently owned will see dramatic increases.
- If passed, your property tax treatment will increase immediately with assessment adjustments to "market value" every three years.
- Sold to voters as tax reform to fund education, this massive tax increase is actually meant to fund unreasonable government and union pensions.

SSA & CSSA encourage contributions to **Californians to Stop Higher Property Taxes** which will lead public advocacy, polling and other initiatives in support of our industry.

Coalition includes: CA Chamber of Commerce, California Business Roundtable, California Business Properties Association, California Taxpayers Association and the Howard Jarvis Taxpayers Association, among others.



Brian Caster  
CEO, A-1 Self Storage  
San Diego, CA  
Co-Chair, SSA/CSSA Property Protection Task Force



Ken Nitzberg  
CEO, Devon Self Storage  
Emeryville, CA  
Co-Chair, SSA/CSSA Property Protection Task Force

***Make your check payable to:***

**Californians to Stop  
Higher Property Taxes**

ID: 1403027

455 Capitol Mall, Suite 6  
Sacramento, CA 95814



February 1, 2020

Dear California Self Storage Owner/Operator,

Since 1978 Proposition 13 has protected California property owners from dramatic property tax burdens by limiting the extent of reassessments ever since. These benefits have encouraged investments, stability and employment within the self storage industry, as well as all commercial, industrial, agricultural, residential and other real estate sectors in our state. For the first time in more than four decades, these incentives, to business owners specifically, are vulnerable to a ballot measure which will amount to a massive tax increase to you unless we are successful in defeating it.

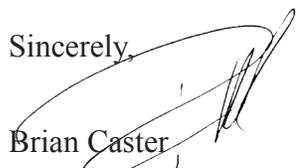
The national Self Storage Association, along with the California Self Storage Association, encourages all California owners to support efforts to maintain Proposition 13, which will be voted upon in November through a measure known as "Split Roll." As long-time and involved members of the SSA and CSSA, we have been asked by the leaders of these two organizations to research and recommend the best options for self storage owners to collectively defend our industry ahead of this historic vote.

We have determined that our efforts are best directed towards Sacramento-based Californians to Stop Higher Property Taxes, a coalition that also includes: California Chamber of Commerce, California Business Roundtable, California Business Properties Association, California Taxpayers Association and the Howard Jarvis Taxpayers Association, among others.

This is not the time to take a passive approach. The cost to your businesses will be devastating; not only does Proposition 13 cap increases on annual assessments to 2 percent, after the market value assessment at its last change of ownership, it also limits the amount of local property taxes to 1 percent of the initial market value, among other protections. Upon enactment, the Split Roll will result in tax increases on your properties many times the amount of your current assessments. Although the most long-tenured businesses stand to lose the most, even the most recent entrants will be affected immediately and at the mercy of tax assessors forever more.

We believe a contribution of several thousand dollars, per facility, is a fraction of the annual cost to your businesses. Although Split Roll will be conveyed as "tax reform" meant to support education and other services, the truth is the tax increase is meant to fund union pensions and other questionable government spending resulting from decades of poor policy decisions by state and local governments. Please find attached more information about the Californians to Stop Higher Property Taxes and a remittal form to help you join this important fight.

Sincerely,

  
Brian Caster  
CEO, A-1 Self Storage  
San Diego, CA  
Co-Chair, SSA/CSSA Property Protection Task Force

  
Ken Nitzberg  
CEO, Devon Self Storage  
Emeryville, CA  
Co-Chair, SSA/CSSA Property Protection Task Force

cc: Daniel Nixon – SSA Chair  
Drew Hoeven – CSSA Chair



CALIFORNIANS TO

# Stop Higher Property Taxes

[www.StopHigherPropertyTaxes.org](http://www.StopHigherPropertyTaxes.org)

## Split-Roll Measure Comparison

Special interests qualified one measure for the November 2020 statewide ballot that would dismantle Proposition 13's property tax protections ([Initiative 17-0055](#)) and now they are gathering signatures to qualify a second version ([Initiative 19-0008](#)). Both measures would raise taxes on commercial and industrial property by requiring reassessment at current market value every three years – creating a new base year for every business property in the state. This type of property tax is known as a "split-roll tax" because it splits the property tax roll by business vs. residential property. Below is a detailed comparison of both split-roll measures.

	<b>Initiative 17-0055 (Qualified)</b>	<b>Initiative 19-0008 (Signature Gathering)</b>
<b>Partial Repeal of Prop 13</b>	<ul style="list-style-type: none"> <li>Removes the two percent annual cap on property tax assessment increases for commercial and industrial property not constitutionally exempt or zoned for commercial agricultural production and assesses such property on its current fair market value</li> <li>Regularly reassesses commercial and industrial property at least every three years after phase-in period</li> <li>Keeps the one percent general property tax rate cap</li> </ul>	<ul style="list-style-type: none"> <li>Removes the two percent annual cap on property tax assessment increases for commercial and industrial property not constitutionally exempt and assesses such property on its current fair market value</li> <li>Regularly reassesses commercial and industrial property at least every three years after phase-in period</li> <li>Keeps the one percent general property tax rate cap</li> </ul>
<b>Exclusions from Prop 13 Repeal</b>	<ul style="list-style-type: none"> <li>Commercial and industrial property owned by a taxpayer:               <ol style="list-style-type: none"> <li>Who operates on a majority of the property, and;</li> <li>Whose <u>total property holdings</u> in California have a fair market value of \$2 million or less</li> </ol> </li> <li>Commercial and industrial real property that is zoned for commercial agricultural production</li> <li>Real property (land only) used or zoned for commercial agricultural production</li> <li>Residential property, vacant land zoned for residential use and residential portion of mixed-use property</li> </ul>	<ul style="list-style-type: none"> <li>Commercial and industrial property where none of the owners also own other California commercial or industrial property with a fair market value in excess of \$3 million (including the subject property)</li> <li>Temporary deferral until 2025 of new assessment provisions for commercial and industrial real property where 50% or more of the occupied square footage is occupied by "small business" as defined*</li> <li>Land used for producing commercial agricultural commodities</li> <li>Residential property, vacant land zoned for residential use and residential portion of mixed-use property</li> </ul>
<b>Exemptions</b>	<ul style="list-style-type: none"> <li>First \$500,000 of business personal property for all businesses</li> <li>Complete exemption of business personal property owned by a "small business" as defined*</li> </ul> <p><i>*Owner must apply annually for the exemption with the county assessor's office under penalty of perjury</i></p>	<ul style="list-style-type: none"> <li>First \$500,000 of business personal property for all businesses</li> <li>Complete exemption of business personal property owned by a "small business" as defined*</li> </ul> <p><i>*Owner must apply annually for the exemption with the county assessor's office under penalty of perjury</i></p>
<b>Phase-In</b>	<ul style="list-style-type: none"> <li>Prop 13 repeal effective January 1, 2020, phased-in over two or more years by statute passed by the Legislature*</li> <li>Exemptions for business personal property effective January 1, 2021</li> </ul>	<ul style="list-style-type: none"> <li>Prop 13 repeal effective January 1, 2022, phased-in over two or more years by statute passed by the Legislature*</li> </ul>

Ad paid for by Californians to Stop Higher Property Taxes, sponsored by California homeowners, taxpayers, and businesses

Committee major funding from  
California Business Roundtable  
California Taxpayers Association  
BNSF Railroad

	<p><i>*The measure would not go for a vote until November 3, 2020, so this would be a retroactive property tax increase</i></p>	<ul style="list-style-type: none"> <li>• Taxpayers afforded a "reasonable timeframe" to pay increased taxes as determined by the Legislature</li> <li>• Reassessment deferred until 2025 for commercial and industrial property occupied by small businesses</li> </ul>
<b>Revenue Allocation</b>	<p>Revenue is allocated in the order listed below:</p> <ol style="list-style-type: none"> <li>1. Reimbursement of General Fund and administrative costs off the top</li> <li>2. 60 percent to local governments</li> <li>3. 40 percent to schools</li> </ol>	<p>Revenue is allocated in the order listed below:</p> <ol style="list-style-type: none"> <li>1. Reimbursement of General Fund, administrative costs, prior year refunds and possibly repayment of start-up loans from General Fund off the top</li> <li>2. 60 percent to local governments</li> <li>3. 40 percent to schools <ul style="list-style-type: none"> <li>○ 89 percent to K-12 public schools</li> <li>○ 11 percent to community colleges</li> </ul> </li> </ol>
<b>Small Business Definition</b>	<ul style="list-style-type: none"> <li>• 50 or fewer employees</li> </ul>	<ul style="list-style-type: none"> <li>• 50 or fewer annual full-time equivalent employees in California</li> <li>• Independently owned and operated, defined as, "the business ownership interests, management and operation are not subject to control, restriction, modification or limitation by an outside source, individual or another business."</li> <li>• Must own California real property</li> </ul>
<b>Legislative Requirements</b>	<p>Upon passage, the Legislature must provide by statute:</p> <ul style="list-style-type: none"> <li>• The phase-in and implementation</li> <li>• That any property zoned as commercial or industrial but used as long term residential property shall be classified as residential</li> <li>• A methodology for determining the additional revenue generated in each county each fiscal year</li> </ul>	<p>Upon passage, the Legislature must provide by statute:</p> <ul style="list-style-type: none"> <li>• The phase-in and implementation</li> <li>• That any property zoned as commercial or industrial but used as long term residential property shall be classified as residential</li> <li>• A methodology for determining the additional revenue generated in each county each fiscal year</li> <li>• Define home offices, home-based businesses or short-term rentals, shall be classified as residential</li> <li>• In conjunction with county assessors, develop an expedited process for hearing appeals resulting from the reassessment of properties that deprives taxpayers of current protections.</li> <li>• That all related entities, including but not limited to any subsidiaries, holding companies, or parent corporations, are considered one "taxpayer"</li> </ul>
<b>Fiscal Analysis</b>	<p>According to the Legislative Analyst's Office and the Department of Finance:</p> <ul style="list-style-type: none"> <li>• Upon full implementation, the measure's shift of most commercial and industrial properties to market value assessment would increase annual property taxes paid for these properties by <u>\$7 billion to \$11 billion</u> in most years</li> </ul>	<p>According to the Legislative Analyst's Office and the Department of Finance:</p> <ul style="list-style-type: none"> <li>• Upon full implementation, the measure's shift of most commercial and industrial properties to market value assessment would increase annual property taxes paid for these properties by <u>\$8 billion to \$12.5 billion</u> in most years.</li> <li>• Net increase in annual property tax revenues of <u>\$7.5 billion to \$12 billion</u> in most years,</li> </ul>

	<ul style="list-style-type: none"><li>• 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</li><li>• 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)</li></ul>	<p>depending on the strength of real estate markets</p> <ul style="list-style-type: none"><li>• After backfilling state income tax losses related to the measure and paying for county administrative costs, the remaining \$6.5 billion to \$11.5 billion would be allocated to schools (40 percent) and other local governments (60 percent)</li></ul>
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## Fact Sheet

Special interests qualified one measure for the November 2020 statewide ballot that would dismantle Proposition 13's property tax protections and now they are gathering signatures to qualify a second version. Both measures would raise taxes on commercial and industrial property by requiring reassessment at current market value every three years – creating a new base year for every business property in the state. This type of property tax is known as a “split-roll tax” because it splits the property tax roll by business vs. residential property.

### Hurts Small Businesses and Consumers

- Most small businesses rent the property on which they operate, and property owners will simply pass on the higher taxes to tenants by raising their rent.
- The measures' higher taxes on businesses will ultimately get passed on to consumers in the form of increased prices on just about everything people buy and use, including groceries, fuel, utilities, day care and health care.

### Working Families Can't Afford Higher Taxes

- Californians face some of the steepest taxes in the country. We pay the highest income and sales taxes, and our cost of living is at a record level – the highest in the nation.
- Sacramento politicians just raised gas taxes through a \$5 to \$7 billion tax increase in 2017 and passed policies that have resulted in Californians paying 48% more for electricity than the rest of the nation. This is not the time to be raising taxes.

### No Transparency and Accountability

- With zero transparency and accountability, and no protections against waste, fraud and abuse, these measures turn billions of new tax dollars over to school administrators and local politicians with no guarantee the money will be spent in the classroom. Both measures are full of flaws, and we should not give schools more money until there are assurances they will spend it better.
- Supporters say these measures will help schools, but only 40 cents of every new tax dollar go to K-12 schools while 60 cents will go to local governments with zero requirements on how the money should be spent.

### Homeowners and Renters Could Be the Next Target

- If a split-roll property tax measure passes, the sponsors will come after Proposition 13 protections on homeowners next. This will make the housing crisis even worse by increasing the costs of owning and renting a home – it could even force people out of their homes, like what happened before the voters passed Proposition 13 in 1978.

**Californians to Stop Higher Property Taxes**  
**Sponsored by California Homeowners, Taxpayers, and Businesses**  
**Secretary of State ID# 1403027 | EIN 46-2003779**

State law requires the following information:

Full Name of Donor	<input type="checkbox"/> If donor is a PAC, please provide Secretary of State ID number: <input type="checkbox"/> If donor is a business or organization, please provide name of contact person: <input type="checkbox"/> If donor is an individual, please provide the following: Occupation _____ Employer _____
Street Address (no PO Box)	City, State, Zip
Phone	Email
Contribution Amount \$	Date

*If an individual is majority owner of one or more businesses, or directs and controls one or more businesses, the individual and the business(es) are affiliated and contributions are aggregated or if multiple businesses are owned or directed and controlled by a majority of the same persons, the businesses are affiliated and contributions are aggregated. Affiliated donors have an affirmative obligation to notify the recipient of the name under which campaign reports are filed.*

For check donations, please complete this form and mail with your check payable to:

Californians to Stop Higher Property Taxes  
ID: 1403027  
455 Capitol Mall, Suite 600  
Sacramento, CA 95814

Due to campaign finance laws, the committee cannot accept contributions of \$100 or more in the form of cash, money orders or cashier's checks. Checks must be pre-printed with the donor's name.

For wire donations, contact Jenny Sawyer:

(916) 442-7757  
[jsawyer@bmhlaw.com](mailto:jsawyer@bmhlaw.com)

Pursuant to the Internal Revenue Code Section 6033(e) notice requirement, we estimate that 100% of your contribution is not deductible as business expenses because they relate to the organization's lobbying activities.

Californians to Stop Higher Property Taxes is a state primarily formed ballot measure recipient committee. It is permitted to accept unlimited donations from individuals, PACs, corporations, partnerships, LLCs, nonprofit organizations, and any other sources not prohibited by law. Contributions may not be accepted from foreign nationals without permanent residency status (Green Card holders).

If your contribution(s) to this committee and to other California state or local committees total(s) \$10,000 or more in a calendar year, California law requires you to file disclosure reports as a Major Donor Committee. For assistance with your filing obligations, contact the Fair Political Practices Commission toll-free at (866) ASK-FPPC, send an email to [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov), or refer to their website: [www.fppc.ca.gov](http://www.fppc.ca.gov).

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California Business Roundtable  
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