



## WEAKENING PROPOSITION 13: HOW ACA 1 WOULD MAKE CALIFORNIA A MORE EXPENSIVE PLACE TO LIVE

October 17, 2023

### WHAT WOULD ACA 1 DO?

**ACA 1 would make it easier for local governments to raise taxes.** ACA 1 would lower the number of votes necessary to raise local parcel and sales and use taxes. It also would make it easier for local governments to issue new debt that would be repaid by higher property taxes.

Under ACA 1, the vote requirement for sales and parcel taxes and local bonds would be reduced to 55 percent from the current two-thirds (66.6 percent) for taxes that fund down-market housing and related infrastructure.

### WOULD ACA 1 CHANGE PROPOSITION 13?

**Yes, ACA 1 would directly amend Article XIII A of the California Constitution, which is Proposition 13.** Proposition 13 requires a two-thirds vote for every local special tax. ACA 1 would erode Proposition 13 by weakening this protection.

### WHY DO PROPONENTS SUPPORT ACA 1?

**Proponents claim that it is too difficult for local governments to increase taxes to fund low-cost housing and related infrastructure.** However, records show that since January 1, 2018, voters have approved more than 70 percent of local tax and bond measures placed on the ballot, costing taxpayers billions of dollars annually in new taxes. Local governments have had little trouble passing tax increases.

### HOW WOULD THIS AFFECT MY PROPERTY TAX BILL?

**ACA 1 would lead to higher property tax bills.** Local governments can add substantial new costs to your property tax bill when they place tax measures on the ballot, including parcel taxes and property taxes that repay bonds. In some parts of California, these add-on taxes cost the average homeowner thousands of dollars each year. ACA 1 would lower the vote threshold necessary to approve these costly taxes, leading to more taxes on your property tax bill.

## I DON'T OWN PROPERTY – HOW WOULD ACA 1 IMPACT RENTERS AND BUSINESSES THAT LEASE PROPERTY?

**ACA 1 would increase the cost of rental housing and business leases.** ACA 1 would lead to higher rental costs by making it easier for local governments to pass new parcel taxes and bonds repaid by higher property taxes. For businesses that don't own property, this will result in higher lease costs, as most commercial leases include provisions to increase rent when higher property-related expenses are incurred.

## HOW WOULD THIS AFFECT SALES TAXES?

**ACA 1 would result in higher sales taxes, increasing the cost of everyday necessities and making it more difficult to run a business.** California's state-imposed sales tax rate is the highest in the United States, and local add-on rates push the combined sales tax rate to 10.75 percent in some parts of the state. Sales taxes, which ACA 1 would make easier to increase, substantially increase the cost of living in California by making it more expensive to buy things like school supplies, gasoline, household goods, and new homes.

## IF ACA 1 IS DEFEATED, DOES THIS MEAN MY LOCAL GOVERNMENT WON'T BE ABLE TO GET NEW FUNDING FOR PROGRAMS?

**No, local governments still will be able to ask voters to raise taxes with a two-thirds vote.** They can ask voters to approve new taxes using the same process that has been in place for more than 40 years.

## HOW MUCH WOULD ACA 1 COST TAXPAYERS?

According to an analysis by the California Tax Foundation, using data from prior elections, **ACA 1 would have cost taxpayers more than \$272 million in the last election cycle alone.**

## WHEN CAN I VOTE ON ACA 1?

**ACA 1 will appear before voters on November 5, 2024.**