



# California School Boards Association

455 CAPITOL MALL, SACRAMENTO, CALIFORNIA 95814

October 9, 1968

TO: All School Board Members

FROM: CSBA Board of Directors  
by Joseph M. Brooks, Executive Secretary

The Board of Directors of CSBA wishes to call your attention to the following positions the Board has taken in regard to Proposition 1-A, Proposition 1, and Proposition 9. The positions are:

Proposition 1-A -- Homeowners Property Tax Exemption --  
Support Vote Yes

Proposition 1 -- Constitutional Revision --  
Support Vote Yes

Proposition 9 -- Limitations on Property Tax Rate --  
Oppose Vote No

A brief description of the Propositions' effect on schools and the reasons for the Board of Director's position follows.

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## PROPOSITION 1-A - HOMEOWNERS PROPERTY TAX EXEMPTION

1. Creates \$750 homeowners property tax exemption starting in 1969-70 on owner occupied, principal residence dwellings including single family structures, duplexes and condominiums. In 1968-69 fiscal year only, this will be a direct rebate of \$70 to eligible taxpayers.

2. Guarantees state shall reimburse local governments for any tax loses resulting from this exemption or from any future increases in the exemption rate.

3. If 1-A passes with more votes than 9, then 1-A only will become law.

Legislative enactment is embodied in these provisions of SB 8 which will only go into effect if 1-A passes:

1. Business inventories -- 15% property tax exemption beginning in 1969-70 (state will reimburse local losses.)

2. Exemption of household furnishings and personal effects in excess of existing \$100 exemption starting 1969-70 fiscal year. (2% increase in all local tax rates permitted to make up revenue loss.)

3. State income tax standard deductions to be doubled for all taxpayers -- single \$500 to \$1000, married \$1000 to \$2000.

The Board of Directors voted to support Proposition 1-A because it does constitute the beginning of tax reform in California by shifting some of the support of education to taxes that are broader based than the property tax. However, Proposition 1-A does recognize that schools do exist, do need financing and guarantees continued support of schools at the present level.

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#### PROPOSITION 1 - ACA 30 CONSTITUTIONAL REVISION

A vote yes will revise portions of the California Constitution dealing with initiative and referendum, public education, state institutions, public buildings, counties and cities, corporations, public utilities, appropriations of water, public lands, state civil service, and procedures for amending and revising the Constitution. Effect on schools:

1. State Superintendent would be made executive officer of the State Board -- method of selection could be changed by 2/3 vote of Legislature.

2. The State Board would be authorized to provide, at State expense, a series of textbooks for use in elementary schools.

3. Provision in Constitution fixing a minimum amount of money to be provided annually for support of public schools would be replaced by a requirement that the Legislature grant basic state financial aid to each school district.

4. The measure would require that school districts and intermediate units be provided by statute, to be governed by boards and executive officers.

The Board of Directors of CSBA voted to support Proposition 1 because:

1. It creates opportunity to expedite changes in school management and school finance, if needed, in future years.
2. Maintains and guarantees the continuation of local school districts and intermediate units.
3. Guarantees continuation of free elementary textbooks and provides for possibilities of a greater choice range.
4. Does not grant the Legislature any significant increase in power that they could not now exercise by present purse-string controls.

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#### PROPOSITION 9 - LIMITATIONS ON PROPERTY TAX RATE

The Watson Amendment provides that the limitation on bonded indebtedness will be 5% of the assessed valuation of each revenue district (state - county - schools - municipalities - special assessment districts) and a 20% bonded indebtedness limitation for all revenue districts affecting a single piece of property.

Statewide the effect on schools will be limitations of 5% of 25% of \$200,000,000,000 state assessed valuation equaling \$2,500,000,000. Present level of bonded indebtedness of public schools is \$4,400,000,000. School indebtedness on a statewide basis, exceeds the Watson limitation by \$1,900,000,000 or 70%. It would appear on a statewide basis that schools would be forced to a pay-as-you-go basis for public school construction.

The second major provision of the Watson Amendment would limit its use to the support of current operating costs of government to property-related services with a maximum limitation for these costs equal to 1% of the market value of property in California. Currently, this would permit \$2,000,000,000 a year to be used to support property-related services. Currently about \$655,000,000 is being expended in this category, thereby leaving an idle tax income of about \$1,345,000,000.

However, property-related services would probably move more rapidly into this area under programs designed to use these funds. In the meantime, schools would over the next five years lose their local source of property tax income for the current operating support of schools at a rate including growth provisions of \$772,000,000 per year. The state would have to annually

find new current operating funds for schools in this amount. This would mean a doubling of all current general fund taxes over the next four years. These taxes -- sales, income, beverage, cigarette and inheritance -- are all paid by property owner consumers.

The CSBA Board of Directors voted to oppose Proposition 9 because:

1. The state government would face an impossible tax increase schedule.
2. The average citizen would not find tax relief.
3. Local control of schools would be lost.
4. The state would determine per pupil support levels.
5. The state would determine pupil-teacher ratio.

6. The state would determine the final quality of the school program for every school district in California.

7. The state will have an interesting time adjusting pupil support levels that range from \$500 per pupil to over \$1000 per pupil in several school districts of the state based on full state financing of public schools.