

Proposition 13: A Short Primer

What Did Prop 13 Do?

- Passed by a large majority of voters in 1978.
- Reduced tax revenues: cut property taxes from about 2.6 % of marked value to 1% of 1975 market value
- Prohibited new *ad valorem* taxes
- But most importantly, it shifted the state financing structure from local to state control

What Difference Did It Make?

- Shifted funding from local governments— cities, counties, schools, community colleges, special districts--to the state

Why Is the Funding Shift Significant?

- UC now competes with local governments, schools, and state agencies—prison/justice, mental health, social services, health and welfare, parks and recreation, etc.
- Less money in general fund to pay for all of these services
- An increasingly smaller pie, but with more entities wanting a slice of it.

Percentage of Total Revenues That Are Self-Controlled

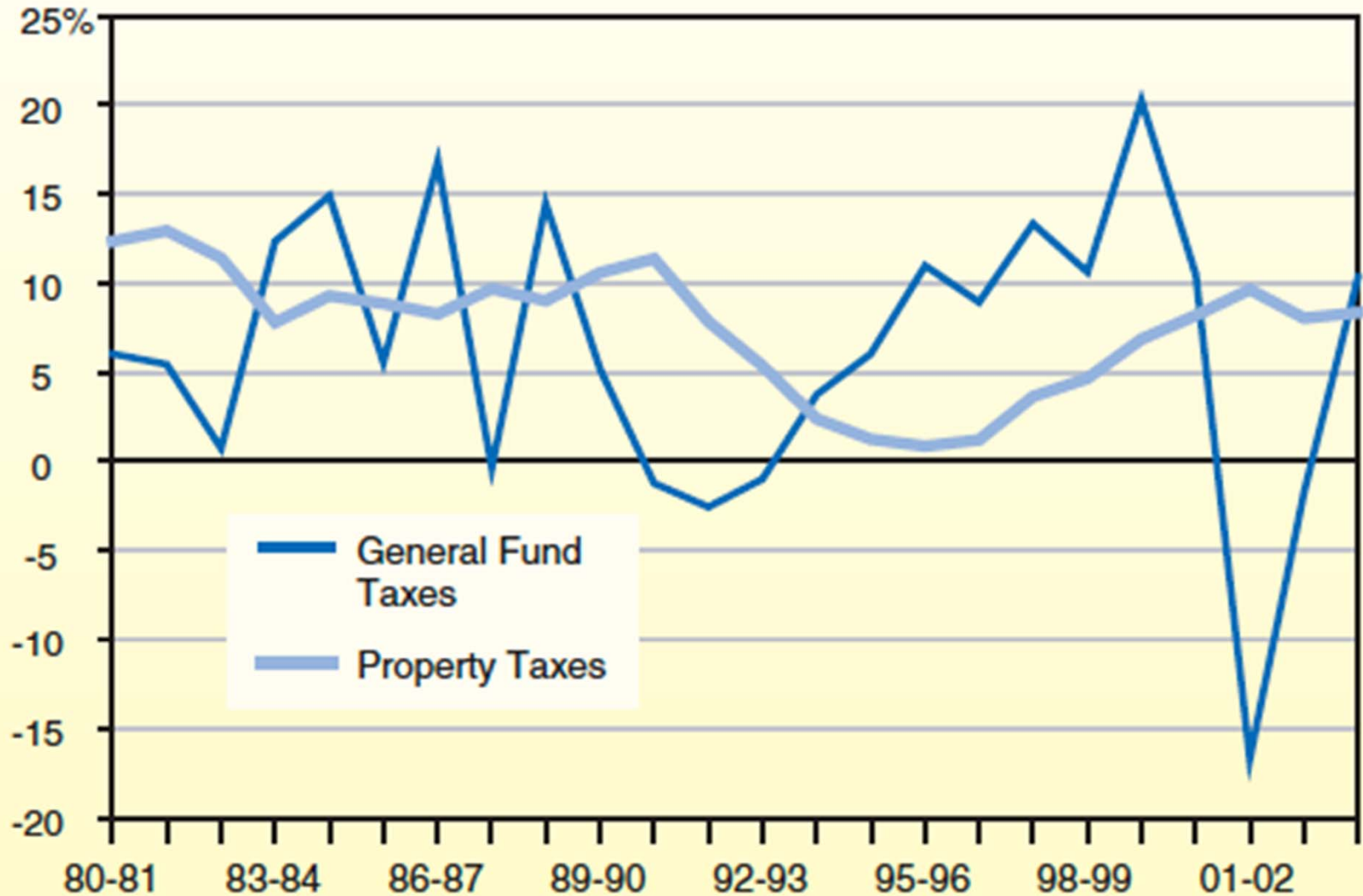
	1978	1995
Counties	50	20
Cities	66	43
Special Districts	59	38
School Districts	54	6
Community Colleges	30	24

Source: PPIC

- Greater reliance on general fund revenues, which are quite volatile
 - 57% of general fund revenues come from income tax

California's Property Tax Has Been More Stable Than General Fund Tax Revenues

(Percent Change)



Other Relevant Measures

- Proposition 98 (1988) guaranteed about 42% of state general fund revenues to K-12 and community colleges.
- Proposition 62 (1986) and Proposition 218 in 1996 further diminished taxing authority at the local level.

CA Political Culture

- PPIC polls show a desire for public services, but no desire to pay for them
 - High expectations for access to college