



ACA 10 (Torlakson) - Education Finance Districts

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Chamber Committee

Summary

ACA 10 would place a measure on the ballot to allow an education finance district (as defined by AB 267-Torlakson) to enact a local parcel tax with a majority (50 percent plus) voter approval rate rather than the two-thirds vote currently required

The author has expressed intent to amend the bill in late August to change the threshold to 55 percent voter approval rate (instead of simple majority). He has also expressed a willingness to work the Chamber and other stakeholders to include some form for oversight mechanism and include education reform language in the bill.

Background

The power of an education finance district to levy a special tax is contingent upon the passage of AB 267. However, AB 267 does not change the standard two-thirds vote threshold for special taxes established by Proposition 13. If amended to 55 percent, parcel taxes imposed by an education finance district would adhere to the same voter approval threshold as bond measures as established by Proposition 39 in 2000.

Given the current fiscal crisis in California local education agencies (LEAs) need to find ways to raise revenue to maintain a quality level of education for all students. Parcel taxes have not been successful across the school district demographic spectrum. According to the bill author, 90% of the parcel tax elections between 1983 and 2006 were held in districts where less than 49% of the students were low income. EdSource attributes this disparity to the possibility that wealthier communities are either better able or more willing to tax themselves to improve their schools. The creation of education finance districts and lowering the threshold could encourage better equity between wealthier communities and lower-income communities.

Parcel taxes are generally favored because they are a flat tax on property ownership and not based on value; they provide more flexibility to spend the funds as LEAs see fit; and they are subject to greater accountability measures such as requiring LEAs to issue a statement indicating how funds will be used, create an account where to deposit funds, and issue an annual report on the status of funds.

However, parcel taxes are generally disfavored because they do not have a cap and can range from \$30 to \$385 per parcel; the term of the tax can range from two years to permanent; and some areas may be more disproportionately taxed than others. Additionally, some opponents claim that it is unfair to lower the threshold when non-property owners, who are not affected by the tax, are allowed to vote for the tax.

Status

Two-Year Bill; Vote Pending on Assembly Floor

Proponents

AFSCME
California Association of School Business Officials
California Federation of Teachers
California School Boards Association
California School Employees Association
California Tax Reform Association
California Teachers Association
Los Angeles Unified School District
San Francisco Unified School District
Small School Districts' Association

Opponents

California Association of Realtors
Cal-Tax
Howard Jarvis Taxpayers Association