Frequently Asked Questions

What is Schools and Communities First?
Schools and Communities First is a ballot initiative that reclaims $12 billion per year for schools and local communities by closing corporate tax loopholes and requiring commercial and industrial property owners pay fair market value property taxes. The initiative maintains critical exemptions for homeowners, renters, and seniors from increased property taxes while also implementing new small business tax relief.

Aren’t corporations taxed differently than homeowners?
No. Most voters are unaware of this, but corporations’ properties benefit from tax protections meant for homeowners. This aspect of the law has led to significant unintended consequences. For example, Chevron alone is saving over $100 million a year by benefiting from corporate loopholes. On average, homes change hands in California every 11 years while some large commercial properties rarely change hands, so are rarely reassessed.

Will Schools and Communities First affect homeowners?
This initiative will NOT affect ANY residential property. Apartments will not be affected either, nor residential renters of any kind. In mixed-use buildings, only the commercial part of the property will be reassessed at fair market value. This initiative exempts all agricultural land.

What about small businesses?
This initiative exempts all property owned by small businesses owners that is worth less than $3 million. In addition, small businesses will be provided with direct tax relief through elimination of the tax on business equipment. This is a tax break worth $1 billion a year.

Won't this be bad for business in California?
No. The current system of corporate loopholes doesn’t incentivize creating jobs or economic activity – it incentivizes land owners holding on to property for decades without doing anything productive with it. In fact, only 8% of commercial properties get 77% of the tax savings from this corporate loophole.

Won't this cause businesses to leave California?
No. We are the only state in the country that does not regularly reassess commercial property. Most states actually tax their commercial property at a higher percentage than residential property. Texas, for instance, taxes their commercial property at 2.5% of fair market value. Our property tax rate will remain capped at 1%.

Won't businesses just pass the cost for goods and services down to consumers? Won't rents go up?
No. Large commercial property owners don’t share savings from corporate loopholes with consumers. Prices for goods and services are based on the market, not on the property taxes a business pays.

Where will the new revenue from this reform go?
This will be local money that will stay local, and will not go to Sacramento. This is revenue will fund our local schools, cities, counties, and special districts for services that we all rely on like senior centers, health clinics, parks and roads, libraries, first responders, etc. 40% of this revenue will go directly to our public schools.

For more information, contact CARA at 510-663-4086 or www.californiaalliance.org
www.schoolsandcommunitiesfirst.org