



# How Does Schools & Communities First (SCF) Impact Small Businesses?



## What are the benefits to small business owners?

- ✓ Small businesses thrive when our communities thrive.

The \$12 billion reclaimed annually by SCF stays in our communities to invest in the public schools and vital local services that your business, employees, and customers depend on.

40% goes to K-12 and community colleges -- and 60% goes to local services such as first responders, street and sidewalk repair, parks, county public health, and other quality of life services.

- ✓ Cuts small business taxes.

SCF exempts up to \$500,000 of equipment and fixtures from the business personal property tax. This eliminates a nuisance tax for 90% of all businesses.

- ✓ Levels the playing field for small businesses.

Small businesses are being nicked and dined with fees and new taxes while multinationals use expensive corporate attorneys to help them abuse the broken tax system. They avoid paying their fair share to support local schools and communities.



## How does SCF reclaim \$12B per year for schools and local communities?

- ✓ SCF closes a commercial and industrial property tax loophole that benefits a fraction of the wealthiest corporations.

SCF uses a common sense approach: simply require that commercial and industrial properties be assessed at their current market value every three years.

This would fix California's anti-competitive commercial property assessment system that taxes most businesses at current market value but other businesses at far lower values. This system is prone to abusive tax avoidance schemes, distorts market competition, and disadvantages small businesses and start-ups.

- ✓ SCF protects the 1% limit on all property taxes.

The rate was adopted by voters in 1978 with Prop. 13. This means that even after SCF passes, California's commercial and industrial property taxes will still be among the lowest in the country -- lower than Texas and New York!



## Which businesses will be impacted by SCF?

SCF only impacts commercial and industrial property owners with a direct or indirect interest in commercial and industrial properties with market values totaling above \$3 million.

- ✓ Each commercial/industrial property owner will be impacted differently.

This will largely depend on how big the gap is between the current assessed value and the actual market value of their properties. Assessment increases will be phased in for affected businesses.

Most commercial properties are already paying at or near current market rates! 80% of the new revenue comes from the 6% of commercial/industrial properties valued over \$5 million.



## Who is exempt from reassessment?

- ✓ Owners of commercial and industrial property valued at or below \$3 million

This includes the total value of properties in which they have a direct or indirect interest.

Almost half of all CA small businesses are home-based. They will be exempt because they are residential properties.

- ✓ All residential properties, including homeowners, apartments and condominiums.
- ✓ Agricultural property used in the production of agricultural commodities.
- ✓ Non-profits exempted from the property tax by the California Constitution.

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