

A vital school issue

2/8/00

Proposition 26 would give districts more latitude

Californians rank quality schools at the top of issues that most concern them. By approving Proposition 26 on March 7, voters will have an opportunity to give school districts and community college districts a greater chance to succeed.

The ballot initiative would enable a simple majority of school district voters, instead of the current two-thirds requirement, to approve general obligation bonds for the construction, reconstruction or refurbishment of badly needed school buildings.

Proposition 26 is good public policy in two respects. It shifts primary funding responsibilities for schools from the state back to local districts, where it belongs. At present, many school districts are dependent on the state's school-building program, because state bonds require a simple majority vote. Proposition 26 also buttresses the democratic principle of one-person, one-vote. That principle is undermined by the two-thirds requirement, which permits one voter to block the will of two others by voting against a school bond.

It's tough enough to muster votes for school construction during good economic times. It's downright depressing to try to get a two-thirds majority when times are tough. This is precisely why then-Gov. Pete Wilson backed the worthy cause of a majority vote for local school bonds during his two terms. But he was unable to persuade conservative lawmakers to support this proposal. During a special election in 1993, Wilson was able to place such a measure

on the ballot, but it was defeated.

Proposition 26 is the product of an unlikely alliance between Silicon Valley entrepreneur Reed Hastings and the politically potent California Teachers' Association. Two years ago, Hastings agreed to withdraw his proposal to remove the cap on charter schools in exchange for CTA support of a partial lifting of the cap. Both sides then agreed on lowering the constitutional threshold for school bond approvals.

This straightforward ballot measure requires local school districts to specify in advance how the money generated from bonds would be spent. It expressly prohibits any of the funds from being used for administration and salaries. Twice yearly independent audits would help ensure that school districts are spending the money properly.

California's schools are not keeping pace with burgeoning enrollments. During the next five years, enrollments are projected to increase by more than 300,000, requiring billions more in new or renovated school facilities. This surging student population is far greater than it is in Idaho, Missouri and New Hampshire. Yet these are the only other states that require a two-thirds vote for approval of local school bond issues.

Passage of Proposition 26 will not negate the constitutional protection for taxpayers. It will, however, give local school districts and community college districts the democratic latitude to do what is in the best interests of their students and communities. It deserves a Yes vote.



CAMPAIGN 2000

Prop. 39: another case of school bond hypocrisy

By Gary M. Galles

Proposition 26, which would have reduced the school bond passage standard from two-thirds to a majority, was the most hotly contested ballot issue this past March. It narrowly failed to get a majority.

But a new version, which lowers the passage standard to 55 percent instead of 50 percent, is on the November ballot as Proposition 39, and is being even more heavily promoted. This Proposition 26 "lite," a clear rejection of the just expressed will of the majority, is more than a little ironic, given its backers' March campaign claim that their support derived not just from the desire for more money for their benefit, but that a supermajority requirement is inconsistent with the American tradition of rule by the majority.

The two-thirds vote requirement was attacked as giving power to "a tyrannical minority," and being "a democratic perversity," "an unreasonable and unfair burden," "institutionalized discrimination" and "an archaic and undemocratic requirement." The fact that the new version would retain a supermajority standard shows that those will-of-the-majority claims were nothing but hypocrisy.

While Proposition 39 backers have scaled back the "supermajority votes are un-American" angle, they still insist that they are trying to come closer to doing the will of the majority, and pass off the 55 percent supermajority rule as just an accommodation to the political necessity of winning in November.

But this reveals a different hypocrisy. Contrary to the supposed devotion to rule by the majority, the fact is that school bond campaigns are now typically run in a way designed to minimize general citizen awareness of, information about and involvement in the decision. They are intended to exclude, not include, most citizens from a voice in the outcome.

Bond campaigns try to cook the electoral books by holding down voter turnout through special elections (most such measures are now decided this way, rather than at already established election dates), combined with tactics that "minimize the number of

naysayers at the polls . . . You don't want everyone showing up . . . just your supporters." Or in consultant Richie Ross' words, "we don't want any attention . . . because I don't want the creeps to come out."

Campaigns that consider most citizens as creeps to be kept out of decisions, and which therefore allow a small fraction of citizens to determine the outcome, are just as far from doing the will of 55 percent of a community as from doing the will of a majority. This also adds irony to the argument that bonds need lower standards to save the costs of repeated elections for failed ballot measures, because those costs arise primarily from efforts to keep most eligible voters away from the ballot box.

Lobbyist Bob Blattner described bond elections as "stealth campaigns," where "you identify your voters early, communicate with them, and don't let anyone else know an election is going on."

In a recent Sacramento school bond election, previous bond election voters

New version is even more heavily promoted.

were contacted, but only those who expressed support got follow-up calls and materials; those who even hesitated in their support were never contacted again. Supporters held no press conferences to inform the public, because that could arouse the attention of potential opponents. And the election was held on "back to school" night, with all the polling locations at schools. Proposition 26 was never really about "the democratic principle of one-person, one-vote," since most school bond elections try to keep everyone but backers from the polls, and its promoters tried to seriously mislead those that would vote (e.g., not even mentioning that all the benefits promised would require an increase in taxes). The rhetoric was just camouflage for generating more property taxes to benefit public education providers.

Other than trying to pick up enough extra votes to win in November by changing the standard to 55 percent, Proposition 39 is no different.

Galles is a professor of economics at Pepperdine University in Malibu.

S.P. U 201
10-4-07

SACRAMENTO — Gov. Gray Davis, who has had few political failures since taking office last year, faces a tough fight to win passage of an initiative in November making it easier to pass local school bonds.

Proposition 39 is trailing by a wide margin in a new statewide poll this month, and the opposition campaign has received a \$750,000 contribution from a surprising source — a teacher-led coalition.

Some thought things would get easier when a popular governor, backed by wealthy Silicon Valley businessmen, decided to lead the campaign for a modified version of an initiative rejected by voters in March.

What is often called "Son of 26" lowers the requirement for approving local school bonds from two-thirds to 55 percent of the vote — not the majority vote narrowly rejected by voters in March in Proposition 26.

"There is no question this is going to be a fight," said Garry South, Davis' political adviser, "and I have said that from day one."

The chances of passage were expected to be improved by moving the issue from a spring primary election, with a voter turnout that tends to be more conservative, to a general election in November with broader appeal.

And there presumably would be time for one factor in the failure of Proposition 26 to fade into dim memory — the Belmont school fiasco, a \$200 million facility in Los Angeles that cannot be used because it was built on a contaminated site.

But some polls suggest that what is standard practice in legislative negotiations, responding to rejection with an offer to compromise somewhere in the middle, does not seem to be attracting voters to the school-bond issue.

Successful initiatives usually begin with support well above 50 percent, providing a cushion against the opposition campaign and voter skepticism. A statewide Field Poll in June showed Proposition 39 leading 45 percent to 41 percent.

"That kind of distribution

SEE Initiative, A4

► INITIATIVE CONTINUED FROM PAGE A3

Proposition 39 is trailing by wide margin in a new statewide poll

early on generally leads to failure at the polls," said Mark Di-Camillo, Field research director. "But there are lots of intervening things that could happen."

A poll early this month by the Public Policy Institute of California was a big surprise: only 35 percent of likely voters were "yes" on Proposition 39, while 55 percent were "no." The pollster for the nonpartisan institute, Mark Baldassare, found that nearly half of the voters do not like being asked to revisit an issue that was rejected by voters in March, when Proposition 26 failed 49 percent to 51 percent.

"It is astonishing, and it's wrong," said South. He said the campaign's own polls show a wider lead than the Field Poll and no resentment toward a follow-up initiative.

Baldassare and other observers also wonder about the relationship between Proposition 39 and Proposition 38, an initiative giving parents a \$4,000 taxpayer-paid voucher to send their child to the school of their choice.

Some California Teachers Association officials, whose priority is defeating the voucher initiative, feared that a rerun of the bond initiative would confuse voters by asking them to vote "yes" on one school mea-

sure and "no" on the other.

Jonathan Coupal of the Howard Jarvis Taxpayers Association, which is leading the campaign against Proposition 39, said that confusion could be a factor as opponents of the voucher initiative spend heavily to defeat Proposition 38.

"We want people to understand the issue," Coupal said. "But if there is a strong 'no' campaign on Proposition 38 and there is spillover, we will take it."

In 1993, measures proposing school vouchers and lowering the local school-bond threshold to a majority vote also were on the ballot together during a special election. Both were soundly rejected by about 70 percent of the voters.

Davis is appearing in a widely aired television ad opposing the voucher initiative. He even appeared for a time in a controversial television ad run by backers of the voucher initiative in which Davis is shown talking about the need to improve low-performing schools.

South said the Davis ads for the school-bond measure and against vouchers will share the same tag line, "Let's fix our public schools." He said the smaller number of ballot measures, eight as compared to 21 in March, will make it easier for voters to sort things out.

"I think voters are a lot more savvy and discriminating than people give them credit for," South said.

Davis agreed to chair the Proposition 39 campaign after being criticized for doing little to aid the passage of Proposition 26 in March, which was financed by the California Teachers Association and two wealthy Silicon Valley businessmen, Reed Hastings and John Doerr.

But as Davis and the Silicon Valley businessmen spent \$6 million in a last-minute scramble to gather the signatures needed to place Proposition 39 on the ballot, the CTA has focused on defeating the voucher initiative.

In fact, a coalition led by the CTA has given \$750,000 to the anti-Proposition 39 campaign so that a statewide mailer opposing the school-bond initiative will also recommend a "no" vote on the voucher initiative.

Coupal said the campaign against Proposition 39 has received an additional \$500,000 from two wealthy Silicon Valley businessmen, Al Shugart and an unidentified man.

The opponents of Proposition 39 have accused Attorney General Bill Lockyer of trying to aid passage of the measure by writing a ballot label which does not mention that the current requirement for passing a local school bond is a two-thirds vote.

The ballot label Lockyer wrote for Proposition 26 did mention the current two-thirds requirement, except in six

counties that chose to use a short label offered by Lockyer.

"Our obligation is to describe the principle points and purposes of an initiative," said Nathan Barankin, a Lockyer spokesman, "and we believe we have done that in this case."

Backers of Proposition 39 say that California needs to spend billions of dollars to ease school overcrowding and repair rundown buildings. Voters have approved \$16.5 billion worth of local school bonds since 1986, but a 55 percent

"We want people to understand the issue."

Jonathan Coupal

threshold would have approved an estimated \$4.2 billion more.

Opponents say that local school bonds are paid off by property taxes, and the two-thirds vote is a century-old safeguard that protects homeowners from having their taxes raised by renters.

Davis announced in June that former Gov. Pete Wilson agreed to be the honorary co-chairman for the Proposition 39 campaign. Wilson also sponsored an initiative during his second year as governor, a proposal to reform welfare and the state budget process.

In what Davis hopes will not be another parallel, voters went to the polls eight years ago and rejected Wilson's initiative.

School choice

Parents must compare the benefits

Californians are very concerned about the quality of public education. They also tend to praise the schools that their children attend, while fretting about public schools in general. Beyond that, there exists no consensus on what needs to be done in order to boost student learning.

These are some of the findings in "School Choice: Abundant Hopes, Scarce Evidence of Results," a report from PACE (Policy Analysis for California Education). The report focuses on school choice because more and more parents want a greater say in which schools their children attend.

About 20 percent of all children no longer attend their neighborhood public schools. Last fall nearly 500,000 California students, or 9 percent of the state's enrollment, participated in public choice options, while another 10 percent attended private schools.

The PACE report zeroes in on five choice options:

- Magnet schools, with their specialized curricula, draw students throughout the district. Pace researchers cite studies that document "significant learning gains among magnet school students, relative to similar children in urban settings." Magnet programs succeed, the report concludes, because they "typically spend more per-pupil than neighborhood schools and often attract more highly qualified teachers."

- Open enrollment enables parents to enroll their children in a public school beyond their immediate

neighborhood. This option is especially popular in urban districts. Although anecdotal evidence suggests that students who cross neighborhood lines are more motivated to succeed, there is no hard data to detect an improvement in student achievement.

- Charter schools, which operate semi-autonomously within school districts, have gained considerable momentum since they were granted legislative approval in 1992. Many have proved to be innovative and they enjoy strong parental support. But it's too soon to ascertain whether charter schools are boosting student performance.

- Voucher experiments, which have yet to be tried in California, allow parents to send their children to the public or private schools of their choice. This controversial reform has been implemented in Milwaukee and New York City, where low-income students who remained in the program for several years did somewhat better in math and about the same in reading compared to their counterparts in neighborhood schools.

- Tax credits to offset the cost of enrolling a student in a private school currently exist in a few states, but the report found them to have had little effect on the educational landscape.

While acknowledging the promise of school choice, PACE researchers strongly recommend that policy makers and parents be provided with reliable data about the effectiveness of all five options.

S. D. J. 001
8/21/97

Vote NO on Proposition 39

Vote NO on unlimited property tax increases!

Proposition 39 opens the door to unlimited property tax increases. Read it for yourself. Section 4(b) specifically excludes taxes for local school bonds from the constitutional limitation on property taxes!

Vote NO on new 30-year liens on your home!

Passage of local bonds places a lien against all property within a school district, including your home, to guarantee repayment of principal and interest. Bonds are commonly repaid over 30 years. Can't pay, the taxman takes your home!

Vote NO on returning property taxes to pre-1978 levels, at least doubling your property taxes!

Since 1978, the California Constitution (Proposition 13) has limited the property tax rate to one percent. Additional property taxes that result from passage of local bonds require a two-thirds vote for approval. Proposition 39 would lower the vote required to increase taxes to just 55%, meaning that more than 9 of 10 (94%) school bonds would pass.

Other agencies are lobbying hard for the same easy access to taxpayers' wallets. California State Treasurer Phil Angelides is already calling for the elimination of the two-thirds vote for all local bonds and taxes. If the two-thirds vote taxpayer protection is eliminated, property owners could see the property tax return to pre-1978 levels when the tax rate was nearly three times higher!

Vote NO on ending the 2/3rds vote requirement to increase property taxes!

Proposition 39 would dismantle the 121-year-old constitutional protection that requires a two-thirds vote for local bonds that only property owners repay with higher taxes. This requirement protects the minority -- property owners -- who are singled out to pay the entire cost of these bonds. If Proposition 39 had been in effect since 1996, 94% of school bonds would have passed, saddling property owners with billions of dollars of new debt and tax obligations.

Vote NO on tax rates 20 times higher for the poorest districts than for the richest!

To generate the same amount of revenue per pupil as a wealthy school district like Beverly Hills, a poor school district must set a much higher tax rate. This is because the tax rate to repay bonds is based on the value of property within a school district. The lower the value of the property, the higher the tax rate needed to generate the same amount of money. For example, Lynwood Unified School District in Los Angeles County would have to set a tax rate 24 times higher than Beverly Hills Unified to raise the same amount of revenue per pupil! Since Proposition 39 would guarantee the passage of many more bonds, it would increase the disparity between rich and poor school districts.

Vote NO on tax rates 5 times higher for average, typical districts than for the richest!

Even school districts of average wealth must establish much higher property tax rates to generate the same revenue as rich districts. For example, Burbank Unified School District in Los Angeles County would need to set its property tax rate for bond repayment 3.2 times higher, Los Angeles Unified 5.8 times higher, and Long Beach Unified 7.4 times higher to match Beverly Hills Unified.

On November 7, Vote NO on Proposition 39.

For more information, visit our website at <http://www.saveourhomes.com/>

Paid for by the Save Our Homes Committee, Vote No On Prop. 39,
a project of the Howard Jarvis Taxpayers Association

Frequently Asked Questions About Proposition 39

Q. What is Proposition 39?

A. Prop. 39 poses a major threat to homeowners by removing the 121-year-old constitutional two-thirds vote requirement for local school bonds that only property owners must repay with higher taxes. It would lower the passing standard to 55%, which would mean that more than 90% of all bonds would pass, saddling property taxpayers with billions of dollars of debt and tax obligations.

Q. How could Proposition 39 double property taxes?

A. Prop. 39's debt supercedes the 1% property tax-ceiling put in place by Prop. 13. Other municipal services are lobbying hard for the same easy access to taxpayers' wallets that Prop. 39 would provide schools and community colleges. Since all local bonds are repaid exclusively through property tax hikes, every new bond raises property taxes. Over time, property taxes could even double! The two-thirds vote is the best defense property owners have against skyrocketing property taxes. Prop. 39's aim is to destroy the two-thirds vote protection.

Q. Does Proposition 39 add new accountability?

A. Prop. 39 does not add one iota of meaningful accountability. To cover up for this lack of accountability, Prop. 39's backers cunningly got Sacramento politicians to place accountability provisions in a separate statute that is supposed to take effect if, and only if, Prop. 39 passes. However, because these separate provisions dealing with critically important tax increase and accountability issues are not contained in Prop. 39, they are not binding on the Legislature. Sacramento politicians can change or eliminate these accountability provisions at any time without voter approval!

Q. How high can property taxes go if Proposition 39 passes?

A. There are no constitutional limits on how high property taxes can go if Prop. 39 passes. With a 55% approval standard, 94% of recent bond issues would have passed. Prop. 39's proponents have claimed their measure would raise \$20 Billion in new revenue. With interest, that's nearly \$40 Billion in new property taxes! That's \$40,000,000,000.00! If you are not prepared to pay it, you should be supporting our efforts against Prop. 39.

Q. Who is behind Proposition 39?

A. Extremely wealthy interests, including recently created high-tech billionaires are backing Prop. 39. These high-tech companies, and their newly rich founders, rarely have real estate as a significant portion of their holdings. What they do not want is for their companies to start being taxed, so they have proposed Prop. 39 as a way to shift the tax burden onto average property-owning taxpayers.

Q. Aren't these the same wealthy interests who tried to eliminate the two-thirds vote taxpayer protection by backing the failed Proposition 26 on the March 2000 ballot?

A. The same. They spent millions to qualify Prop. 39 even though the nearly identical Prop. 26 was defeated last March.

Q. What about our schools, don't they need help?

A. Local taxpayers have been providing schools with lots of help. Since 1996, 62% of local school bonds have passed, raising over \$13 Billion for school construction! During the same period, the State has provided only \$8.7 Billion for K-12 school construction, and not one dollar in state bonds for K-12 public education has been approved by California voters since Gray Davis became governor. For needed school construction, the governor and his friends had three options. One, they could have used some of the \$12.3 Billion state surplus. Two, they could have put a State school bond on the ballot -- State bonds do not require any tax increase, and certainly not a tax increase on local property owners. Or three, they could try to make it easier to increase property taxes. They chose option three.

Q. What can I do to stop Proposition 39?

A. Help get out the word. Alert your friends and neighbors to the threat to homeowners posed by Prop. 39. Be prepared to write letters to local newspapers when they run stories or editorials about Prop. 39. Radio call-in shows are also an excellent way to reach thousands of voters. Make certain the word gets out by making a \$39 investment in the Save Our Homes Committee, Vote No On Proposition 39. This way you can be sure our message reaches the millions of undecided voters in California through radio and television. Check to see that you and your family are prepared to vote. If there is any question about your ability to go to the polls on election day, request an absentee ballot. For more information, visit our website at <http://www.saveourhomes.com/>.

And most important of all:

On November 7, Vote NO on Proposition 39.

SAVE OUR HOMES

NO on 39

America's Most Successful Taxpayers Association

After years of work by tax-revolt leaders Howard and Estelle Jarvis, Proposition 13 was overwhelmingly approved by voters on June 6, 1978.

But Howard and Estelle knew that taxpayers' gains would be temporary without a permanent citizens organization to protect Proposition 13 and continue the movement against higher taxes. To meet this need they founded the Howard Jarvis Taxpayers Association (HJTA).

Although Howard Jarvis passed away in 1986, Mrs. Jarvis continues their work with the help of association president Jon Coupal.

And with the constant pressure from government for higher taxes, the Howard Jarvis Taxpayers Association's role as the legal and political watchdog over Proposition 13 is more important than ever.

Working through the Legislature, courts and ballot initiatives, the tax-fighting work of the Howard Jarvis Taxpayers Association has saved Californians billions of dollars.

Here are just a few examples of the many successful tax reduction campaigns led by Howard Jarvis and the Howard Jarvis Taxpayers Association:

- In 1978 Howard Jarvis helped lead the campaign to pass Proposition 13 which has saved Californians an estimated \$287 billion and allowed millions of Californians to keep their homes.
- In 1981 we delivered more than one million petitions to Washington supporting President Reagan's 25% cut in federal income taxes.
- In 1982 we passed Proposition 7, income tax indexing, which prevents state income taxes from being raised by inflation. Estimated tax savings: more than \$82 billion.
- In 1986 we passed Proposition 62 which strengthened the taxpayers' right to vote on local tax increases.
- In 1986 we were also active in passing Proposition 60 which will save senior citizens thousands of dollars when they retire and move.
- During 1990-92 we successfully led the legal defense of Proposition 13 against three major court challenges including the case of *Nordlinger V. Hahn* which was heard by the United States Supreme Court.

- In 1993 we waged the successful campaign against Proposition 170, a statewide ballot measure that would have doubled the number of local bonds that would have to be repaid by property owners.
- In 1996 we passed Proposition 218, the Right to Vote on Taxes Act, which guarantees the right to vote on all local tax increases and closes loopholes in Proposition 13 by limiting the use of fees and assessments to increase property tax bills.
- Today the Howard Jarvis Taxpayers Association is leading the fight against a major effort by special spending interests to make it easier to pass local bonds that are repaid by property owners through higher property taxes.

Our work is not finished

There are hundreds of politicians, bureaucrats and judges who want to raise your taxes. They work every day to undermine Proposition 13 and increase the tax burden on honest citizens.

We work even harder to stop them. Our legislative advocate testifies before legislative hearings and lobbies elected officials on behalf of you, the taxpayer.

Our grass-roots lobbying campaigns deliver millions of petitions, postcards and letters to your elected representatives opposing higher taxes.

Whenever Proposition 13, or any other tax-reduction legislation, is challenged in the court, our legal representatives are ready to go to court and fight for your rights.

Your investment in lower taxes — only \$15

The Howard Jarvis Taxpayers Association is a nonprofit organization that receives no funds from government or any special-interest group. Voluntary contributions and dues from our loyal members are our sole source of support.

Our annual dues are only \$15. For this you receive a personalized membership card and a subscription to our newsletter, *Taxing Times*.

You will also be enrolled in our Legislative Alert Network, informing you about fast-breaking developments in Sacramento and Washington that affect your taxes. And, you will receive regular correspondence from Mrs. Jarvis and Jon Coupal, the Association's president, on Association-sponsored, tax-fighting projects and ballot initiatives.

Most importantly, your membership will enable us to carry on the work started by Howard Jarvis — protecting Proposition 13 and saving you thousands of tax dollars.

MEMBERSHIP FORM

Yes, Mrs. Jarvis, I want to help the Howard Jarvis Taxpayers Association continue the fight to defend Proposition 13 and protect me from higher taxes.

My name and address is:

NAME

STREET

CITY/STATE/ZIP

- I have enclosed my annual dues of \$15. Please send my first issue of *Taxing Times* and enroll me in the Legislative Alert Network.

Please make your check payable to: HJTA, or Howard Jarvis Taxpayers Association.

Contributions or gifts to Howard Jarvis Taxpayers Association are not tax-deductible.

Members of HJTA and the American Tax Reduction Movement enjoy dual membership.

PLEASE MAIL YOUR MEMBERSHIP FORM AND DUES TO:

Howard Jarvis Taxpayers Association
621 South Westmoreland Avenue
Suite 202
Los Angeles, CA 90005-3971



HJTA President Jon Coupal, a forceful advocate for taxpayers' rights.



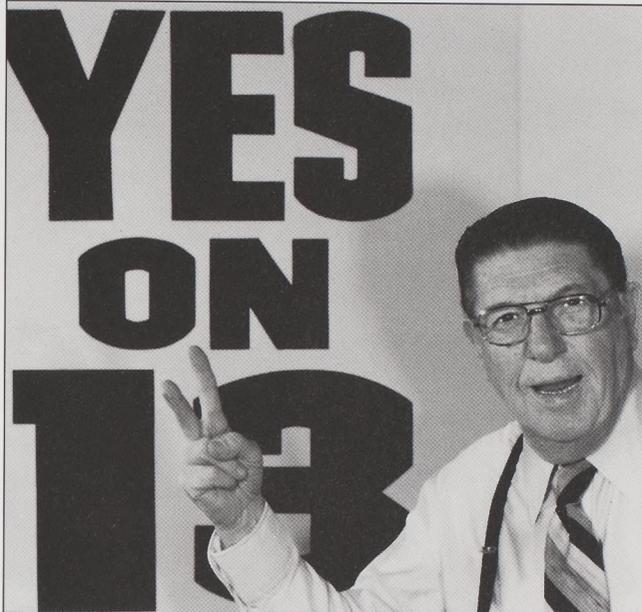
Jon Coupal and Mrs. Howard Jarvis carry forward a great tax-fighting tradition.

HOWARD JARVIS TAXPAYERS ASSOCIATION

HEADQUARTERS
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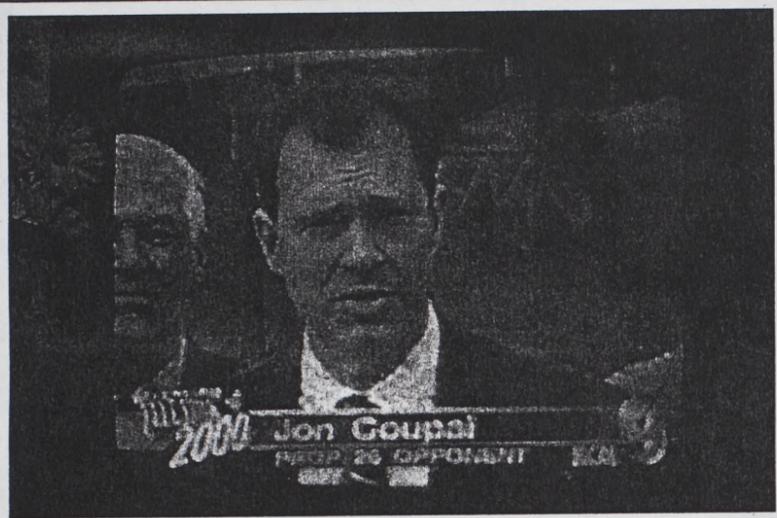
*"Fighting for Proposition 13 and
against higher taxes."*

★ Taxing Times



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PROP. 26: LOSERS TRY AGAIN



HJTA president Jon Coupal holds a No on Prop. 26 press conference before the Belmont Learning Center in Los Angeles. Joining Coupal were Ernie Dynda (on left) of the United Organizations of Taxpayers, Gil Perez of the United Taxpayers of Imperial County, Gere Robings of the Ventura Alliance of Taxpayers, and Shawn Steel, vice-chair of the California Republican Party. The Belmont school has cost taxpayers \$200 million and will never open because it was built on a site emitting cancer-causing substances. Nothing in Proposition 26 or in Son of 26 would have prevented the Belmont fiasco.

Prop. 26: Taxpayers Prevail Against Long Odds

HJTA members achieve tremendous victory.

The long night

On election night, March 7, all of the ballot measures showed a clear trend within a few minutes of the polls closing. All, that is, except Proposition 26.

For the measure that could lead to much higher property taxes, the results were painfully slow in coming and when results did come in the vote was very, very close.

HJTA president Jon Coupal spent the evening responding to a score of press and media inter-

view requests. At about 11 p.m. the "NO" votes on Proposition 26 outnumbered the "YES" votes by about one percent. Speaking by phone to radio station KFVB, Coupal expressed cautious optimism that Proposition 26 would be defeated. On the other line, a representative of the teachers union sputtered in protest. The figures favored them, she insisted, they were definitely going to win.

Perhaps no other incident so clearly illustrates the arrogance of

See Long Odds, page 4

With Governor Davis' help, wealthy backers of new effort to raise property taxes target November ballot.

They're back! The multi-millionaires and billionaires who paid for the Proposition 26 campaign are funding another initiative to make it easier to increase property taxes.

This second campaign to make it easier to pass local bonds that only property owners must repay, has gained a powerful new ally, Governor Gray Davis, who has promised to take a leadership position in the campaign.

The new effort was launched within days of the defeat of Proposition 26. Reed Hastings, wealthy Silicon Valley entrepreneur, who has been named to the State Board of Education by Gov. Davis, John Chambers, president and CEO of Cisco Systems, and John Doehr, billionaire venture capitalist, have committed \$6 million just to qualify the new initiative for the ballot. This includes money for hundreds of paid signature gatherers, several million petitions mailed directly to voters with a letter from Governor Davis and \$2 million for television spots encouraging voters to sign the petitions.

Representatives of the campaign committee, deceptively named, "Taxpayers for Accountability," say, for the entire campaign, they expect to spend about the same as the \$25 million that was spent on Proposition 26. However, knowledgeable insiders report the true amount they are ready to spend is \$32 million.

"What part of 'NO' don't they

understand," said HJTA president Jon Coupal. "It's pure arrogance. What we have here is a small group of very wealthy men trying to purchase a result that voters have repeatedly said they do not want."

The new attack on the two-thirds vote is a carbon copy of Proposition 26, except that instead of allowing local school bonds to be passed with simple majority, this "Son of Proposition 26" requires a 55 percent vote for passage.

This change will provide little comfort to homeowners who will be stuck with much higher property tax bills if this new effort succeeds. Under Proposition 26's simple majority standard, 98 percent of all local school bonds would have passed since 1996. If Son of 26's 55 percent approval threshold were in force during the same years, the passage rate would have been 94 percent. The result would be hundreds of millions of dollars in new taxes loaded onto the backs of homeowners.

Because of a state-imposed deadline on submitting signatures for measures to be placed on the November ballot, the tax-raisers had only a few weeks to gather the over one million signatures needed. As *Taxing Times* went to print, it was not clear whether or not enough signatures would be turned in by the deadline, however, the signatures could be submitted at a later date and the initiative would still appear on a

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Members of HJTA and ATRM enjoy dual membership.

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"Son of 26"
Targets Property
Owners

See Page 2

Supporters of
Higher Property
Taxes

See Page 6

Wealthy Backers
of Prop. 26

See Page 9

future statewide ballot.

As soon as the tax-raisers began to collect signatures for the "Son of 26," HJTA filed suit in Sacramento Superior Court asking the court to require the attorney general to rewrite the official title and summary that must accompany every petition. Nowhere in the summary, which petition signers rely on to find out what the initiative contains, does it say who it is that would vote on the bonds that the initiative would make easier to pass. A signature gatherer falsely told one HJTA member the measure would force the school board to spend more on schools and less on salaries and that the 55 percent vote applied to the school board. The subject of bonds, taxes or the voter's role in the process was never raised.

However, the judge decided that the omission was not "fatal" and refused to order the signature gatherers to start again with a revised summary.

Because Prop. 26 was an expensive battle for taxpayers, HJTA would prefer not to fight this battle again so soon. HJTA has written to members and sent electronic mail to those who are online, asking taxpayers not to sign the petition and, if possible, to warn off others who might consider signing.

Nevertheless, HJTA must prepare as if the new initiative will qualify for the ballot. HJTA is alerting taxpayers throughout the state to the new threat and developing strategy for the coming campaign.

The strategy of the tax-raisers is already becoming clear. As indicated by their committee name, Taxpayers for Accountability, they will attempt to wrap themselves in the taxpayers' mantle. This is an extension of their deceitful campaign tactic

from the Proposition 26 campaign, where, lacking any taxpayer support, they made up their own group calling it the "National Taxpayers Alliance."

Part of their strategy will be to emphasize the "accountability" the new measure will provide. However, since the so-called safeguards are the same as those contained in Proposition 26, and since most of those were already in existing law, the claims of accountability are meaningless. Taxpayers can expect to see the word "accountability" used to confuse and mislead voters as to the real intent of Son of 26, which is to undercut Proposition 13 and make it easier to raise property taxes.

"It's ludicrous that a time the state is running a surplus that may amount to \$13 billion, the governor has teamed up with a handful of multimillionaire businessmen to increase taxes on average taxpayers," said Coupal.

Ironically, the last time the state was

running a huge surplus was in the late 1970s. While Sacramento was awash in money, homeowners were losing their homes to rapidly escalating property taxes. The response by the Legislature, Gov. Jerry Brown and his chief-of-staff Gray Davis was to watch and do nothing. As most HJTA members know, this triggered Proposition 13 and the 1978 Tax Revolt. It may be, that Gov. Davis is seeking to cement his legacy by becoming the governor who reversed Proposition 13 and raised property taxes.

HJTA will keep members informed on the latest developments in this critical new battle for taxpayers' rights. For the latest information, visit the Save Our Homes website at www.saveourhomes.com. □

For more information on how HJTA defeated Proposition 26 in the March election, please see the accompanying article "Prop. 26: Taxpayers Prevail Against Long Odds."

HJTA Members:

Do you have a friend or neighbor who shares our concern about high taxes? Clip and pass along the information request form to the right and give them a chance to join the fight to protect Proposition 13 and restore taxpayers' rights.

Mail to: HJTA
621 South Westmoreland Avenue
Suite 202
Los Angeles, CA 90005-3971

Please send me information on the tax-fighting work of the Howard Jarvis Taxpayers Association and a membership application.

Name _____

Street _____

City, State Zip _____

Taxing Times



The Quarterly Newsletter of the Howard Jarvis Taxpayers Association ★ Howard Jarvis, Founder ★ Vol. 23, Issue 3 ★ Fall 2000

NEW THREAT TO HOMEOWNERS IS PROPOSITION 39

New measure as dangerous as Proposition 26.

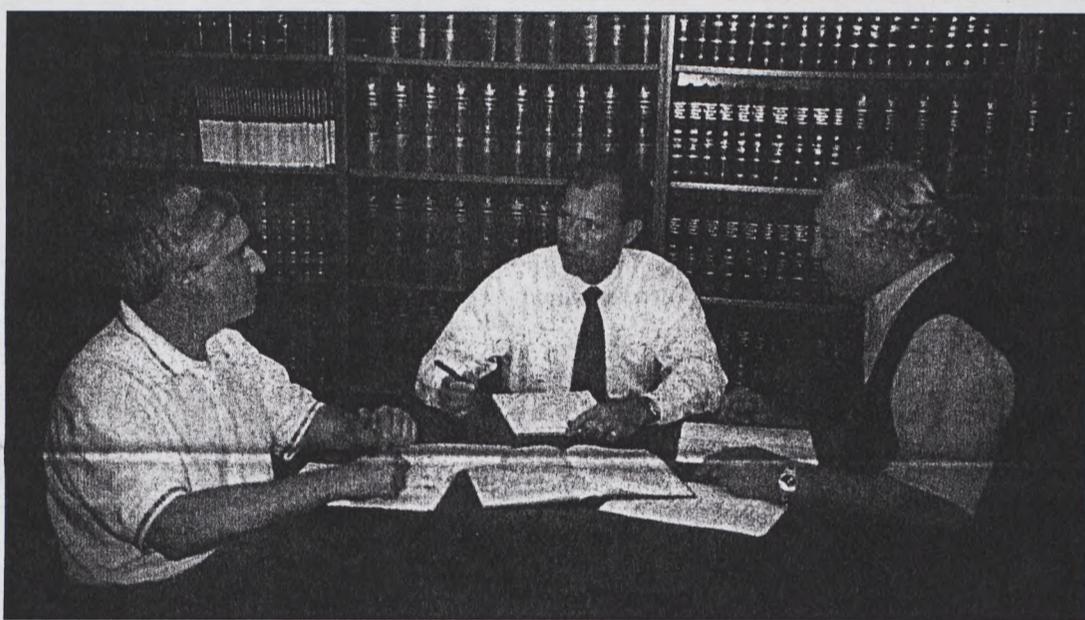
The wealthy backers of the recently-defeated Proposition 26 have succeeded in placing another measure on the ballot to make it easier to raise taxes on property owners. Proposition 39 will appear on the November ballot.

Proposition 39 is identical to Proposition 26, which taxpayers defeated in March, except that instead of replacing the two-thirds vote requirement to pass local school bonds with a simple majority, Proposition 39 would lower the requirement to 55%.

This standard will provide little comfort to taxpayers because it means that better than 9 out of 10 (94%) bonds would pass, each burdening homeowners with additional taxes. The legislative analyst estimates the cost to taxpayers at hundreds of millions of dollars annually. But Proposition 39 backers have been telling their supporters that, if Proposition 39 passes, it will bring in \$20 billion in new revenue. Counting interest on the new bonds, that's nearly \$30 billion in new property taxes!

With Proposition 39, taxpayers are facing an even tougher challenge than with Proposition 26. Instead of spending \$25 million, the taxraisers have committed to spending nearly \$35 million. Without batting an eye, they have already spent \$6 million on the effort to qualify for the ballot. Most of the money went to pay signature gatherers and for television advertising to mislead voters into signing the petitions.

Proposition 39 backers have enlisted Gov. Davis and former Gov. Wilson as the spokespersons for their campaign to eliminate the two-thirds vote protection for property owners. While the state government is enjoying a record \$12.3 billion surplus, the current governor and his predecessor will be campaigning for higher taxes on homeowners.



Joel Fox, HJTA president emeritus, Jon Coupal, HJTA president, and Trevor Grimm, HJTA general counsel prepare the ballot arguments against Proposition 39, the latest initiative attack on Proposition 13.

"What an outrage," said HJTA president Jon Coupal. "Local taxpayers have done their share. They have approved more than \$13 billion in local school bonds, with a two-thirds vote, since 1996. The governor and the Legislature could have used some of the state surplus to address any additional school construction needs, or placed a state bond on the ballot, which would be repaid from the general fund and not have required a tax increase. Instead, they have chosen to try to wring more from local property owners."

The Save Our Homes Committee sponsored by the Howard Jarvis Taxpayers Association will wage an aggressive campaign to defeat this latest attack on the two-thirds vote and Proposition 13.

HJTA members can help now by alerting their friends and neighbors to the threat to homeowners posed by Proposition 39. Taxpayers are also urged to send letters to the editor of local newspapers in response to stories and editorials on the subject.

Taxpayers will be sent campaign updates through the mail. Those on line should visit the Save Our Homes website at www.saveourhomes.com. In the coming weeks, new information will be posted regularly.

HJTA will make additional campaign tools available to taxpayers in the near future.

"With the continued support of HJTA members, we can defeat Proposition 39," said Coupal, "and send the tax-and-spend crowd a message they won't forget." □

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Members of HJTA and ATRM enjoy dual membership.

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