



August 13, 2009

Tim Adams
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Dear Tim,

In the midst of a struggling national and state economy, rental property owners and managers in California are being targeted for higher taxes, and the California Apartment Association (CAA) needs your help.

With California's budget deteriorating and state revenues continually decreasing, public employee unions and the education lobby are desperate to find new streams of revenue. Of significant concern is the proposed establishment of a "split roll" tax system. ***Split roll would allow commercial and rental property to be reassessed at significantly higher rates, more in line with their current market value.*** By reassessing residential rental property on an annual basis, a split roll system would have ***drastic effects and significantly increase costs for property owners.***

In order to defeat this costly measure and ensure that your interests are protected, please make a contribution of \$250 or \$500 to the California Apartment Association Political Action Committee (CAAPAC) today. CAAPAC is the non-partisan political arm of CAA and makes political contributions to issues and candidates supportive of rental property owners and managers statewide.

There is a strong likelihood that a split roll proposal will come before the voters in the next 18 months, and CAA will be one of the leaders in the effort to defeat it. A campaign to defeat a split roll measure will require a concerted business community effort that will cost millions of dollars. ***The unions and other supporters of Split Roll are organizing and raising millions of dollars now to push this measure forward. Your financial support to help stop this endeavor is critical.***

The stakes have never been higher for the rental housing industry, and we simply cannot allow such an expensive proposal to be enacted. If you have already made a contribution this year, we thank you and ask you to consider making an additional contribution. *Anything you can send will be appreciated.*

Sincerely,

A handwritten signature in black ink that reads "Tom Bannon".

Tom Bannon, CEO
 California Apartment Association

P.S. - Please take a look at the enclosed newspaper clippings from around the state and see what they are saying about Split Roll.



Effort Launched For 'Split Roll' Property Tax

With California facing fiscal calamity, the assessor for one of the state's largest cities has launched a long-term, grass-roots campaign to increase state revenue by altering Proposition 13 property tax restrictions. San Francisco Assessor Philip Y. Ting filed documents this week with the secretary of state's office to create the "Close

the Proposition 13 Loophole" committee, which now can begin soliciting donations. Ting is not pushing a specific proposal, but he wants to see Proposition 13 altered to allow creation of a "split roll" that would increase taxes on commercial property, perhaps when it is sold. (May 28, 2009)

Businesses Brace for Possible Rise In Property Tax

If you hang around those who deal with local and state government budgets in California long enough, sooner or later you'll hear about a "split roll" as a potential solution to the state's chronic fiscal problems. A split roll would be a method for extracting more property taxes from business, but the fuller explanation requires a little historical background, specifically about Proposition 13, the landmark property

tax law passed by California voters 30 years ago. Liberal groups have, in one form or another, long advocated keeping Proposition 13's limits for homes but requiring business property to be reappraised regularly to upgrade its tax value, and therefore its property tax burden. (November 19, 2008)

Los Angeles Times

It's Time To Close a Big Tax Loophole For Businesses

Of all the ways in which California residents have slit their fiscal throats over the last 30 years, surely the most inexplicable is the bestowal of a gaping tax loophole on commercial and industrial property owners. The culprit, no surprise, is that 31-year-old wolf in sheep's clothing, Proposition 13, which prohibits the reassessment of any property except at the time of a change in ownership. "The whole system is completely unenforceable," says Lenny Goldberg, a Sacramento lobbyist who, as director of the California Tax Reform Assn., has been pressing for years to institute a "split roll" -- that is, to tax commercial and industrial property differently from residential. (July 13, 2009)

San Jose Mercury News

California Budget Crisis Brings Critics of Prop. 13 to the Fore

The state's budget crisis is prompting another review of the popular measure. Several groups, including the nonprofit California Tax Reform, and a campaign recently started by San Francisco Assessor Phil Ting, are leading a charge to change Proposition 13 to extract more taxes from commercial property owners. He said that changing how commercial property is taxed could immediately raise \$7.5 billion in revenue for the state's empty coffers. Proponents of change are preparing for a long siege, with voter education, polling and research to show what they contend are serious inequities in the way single-family homeowners pay property taxes, compared with commercial, industrial and retail owners. (July 24, 2009)

San Francisco Chronicle

Exempt Businesses From Prop. 13, Critics Say

With the faltering economy starving California's budget, some political leaders suggest it may be time to slaughter one of the sacred cows of state politics - the provision of Proposition 13 that has kept many businesses' property taxes low for more than 30 years. The so-called split roll is an idea that has been around since voters enacted Prop. 13 in 1978. It would preserve the limits on property taxes for owners of homes and apartments that the initiative put in place, but would raise

the assessments on property owned by businesses and corporations to market value, and could allow them to be taxed at a higher rate. San Francisco Assessor Phil Ting, who is leading the latest attempt, says exempting commercial properties from Prop. 13 protections would raise about \$7.5 billion for the state if it were in effect this fiscal year. (June 29, 2009)

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Contributions to CAAPAC are not deductible as charitable contributions for federal and state income tax purposes. CAAPAC is a California registered recipient committee, FPPC ID # 745208.

CALIFORNIA APARTMENT ASSOCIATION



