

# It's Time to Restore Tax Fairness and Close Corporate Tax Loopholes

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*While public education and health care programs for children have been devastated by state budget cuts over the last two years, big businesses in California have been handed tax breaks that will cost California taxpayers billions.*

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- As part of recent state budget agreements, California lawmakers approved three tax breaks for big corporations that will cost the state of California and California taxpayers more than \$2 billion a year.
- 80 percent of these tax cuts will go to corporations with gross incomes of over \$1 billion. Nine businesses will receive tax cuts averaging \$33 million a year.
- These permanent tax loopholes were passed with no public testimony and require no review for effectiveness or economic benefit. The tax breaks contain no requirement to create a single job in California.
- In the state's tough economic times, the money given to these corporations could be used reduce class sizes, buy new textbooks, provide grants to college students or give dental care to low-income kids.

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*Other loopholes allow corporations to avoid paying their fair share of local property taxes.*

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- Proposition 13 prohibits the reassessment of any property except when ownership changes. It was designed to protect home owners, and the sale of a home is very straight forward. But big corporations often use loopholes to hide ownership changes, which has led to a significant shift in who pays the taxes in California.
- In Los Angeles before Prop. 13, single-family homes accounted for about 40% of the property tax burden. This year, home owners are picking up 56% of the tab. California families are paying more, while corporations are paying less.
- Before the law was passed, San Francisco commercial property owners contributed 59% of property tax revenues, while residential property owners paid 41%. Today, those numbers have flipped. Business owners pay 43% of property taxes, while home owners pay 57%.
- On average, California business property is assessed at only 60% of its full market value.

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***It's time to level the playing field and close the corporate loopholes.***

