



September 30, 2020 – WACA Opposes Proposition 15

This memo is a follow-up to our conversation regarding WACA’s decision to take an official oppose position on Proposition 15, which will appear on the November 3, 2020 California statewide ballot. Below we outline the reasons for WACA’s opposition to Proposition 15 and ways in which WACA and its member contractors can help to defeat the measure. Also attached is an [industry-specific fact sheet](#) to share with business associates, contractors, family members, friends and employees.

Background: Prop15 would raise taxes on commercial and industrial properties to the tune of \$11.5 billion a year by requiring reassessment of those types of properties at the current market value at least every three years. This type of property tax is known as a “split-roll” tax because it splits the property tax roll, assessing business property differently than residential property.

Industry Impact: Amid an unprecedented economic crisis, Prop 15 would be the single largest property tax increase in California history. If passed, Prop 15 would cost our industry billions in lost project opportunities, as it will discourage new construction and modernization of commercial and industrial properties. Commercial property and industrial sector investors will no longer have certainty that they can afford construction improvements, let alone future property tax bills, as property taxes will fluctuate wildly with swings in the real estate market.

In addition, our industry would bear an incredible tax burden if Prop 15 is passed. California’s construction contractors and unions own hundreds of millions of dollars’ worth of property, including office buildings, contractor yards, parking structures, and joint labor-management training facilities. Unless Prop 15 is defeated by voters, those entities will pay significantly higher tax bills on these properties.

Prop 15’s tax hike on business properties will also create instability in our industry pensions funds—negatively impacting the rate of return on our industry pensions holding real estate investments. The measure’s higher property taxes will increase the cost of owning and renting out property—resulting in losses on pension investments that will need to be made up through higher fund contributions.

Overview: Prop 15 is a direct threat to our industry because it will:

- Eliminate \$11.5+ billion a year in potential construction from the private sector real estate market;
- Directly impact the union construction industry’s bottom line;
- Destabilize industry pension funds;
- Drive up the cost of living - hurting working families; and
- Reduce our ability to create new, high-paying union construction jobs.

TAKE ACTION

1. Share No on Prop 15 materials to help educate others on the direct impact this measure will have on the union construction industry. While I’ve attached the industry specific fact sheet, it’s encouraged to visit the No on Prop 15 campaign’s [Take Action](#) website. On this page, the campaign houses all of the materials they are activating around; for example, on the page they have:

- [Sample Social Media Posts](#)
The campaign is asking folks to flood Facebook + Twitter.
 - [Sample Newsletters](#)
These can be sent by organizations to its members, companies to their employees, etc.
 - [Letter to the Editor Guide](#)
Consider writing to your local publications.
 - [Small Business Window Flyer](#)
Printable sign, in several different languages, that individuals can display.
2. Consider making a financial contribution to the No on Prop 15 campaign. Donate online at: www.noonprop15.org/donation/
 3. Formally join the No on Prop 15 campaign: www.noonprop15.org/join-the-coalition.