

## Does Prop 15 impact farms and agricultural land?

### **Prop 15 explicitly exempts agricultural land and property used for commercial agricultural production.**

The language in Prop 15 explicitly ensures that agriculture will not be impacted. Property taxes for agricultural land will continue to be based on the property value of when it was last sold or Williamson Act values. If there is any borderline issue, there is full authority by the local county assessor, the Board of Equalization or the legislature to resolve that issue.

The language of Prop 15 could not be more explicit in its protections for agriculture:

- “This measure makes no change to existing laws affecting the taxation or preservation of agricultural land.”
- Prop 15’s changes “shall also not apply to real property used for commercial agricultural production as defined in this section... ‘Real property used for commercial agricultural production’ means land that is used for producing commercial agricultural commodities.”

## What other benefits does Prop 15 have for farmers and agricultural producers?

### **Prop 15 has two other main benefits:**

- 1) New tax relief:** It provides a \$500,000 exemption for business personal property taxes (taxes on business equipment and fixtures such as tractors, above-ground irrigation systems, and more). For businesses that own their property with 50 employees or less, such taxes are entirely eliminated – benefiting many small farms.
- 2) Small business protections:** It exempts commercial or industrial property that is worth \$3 million or less if independently owned and not part of chains.

## How will the new revenue generated by Prop 15 help farmers?

**Prop 15 puts more resources into the hands of schools and local governments to decide how to spend it, not Sacramento.** Moreover, educational revenue is distributed based on an equity formula, ensuring the highest-need school districts and those in rural areas aren’t left behind.

## How would residential structures on farms be taken into account?

**Residential structures on farms – and all residential properties – would be exempt from Prop 15.**

**How would other structures and improvements used for agricultural production be impacted?**

**All real property used for commercial agricultural production is also exempt.** This means the farmland, dairies, barns, vineyards, irrigation systems, and more are completely protected by Prop 15 and will continue to be subject to the same property taxation system as it is right now under Prop 13.

We know Prop 15 opponents are claiming that these mature trees, irrigation systems, and similar items would trigger reassessment but that is simply not true. This property would have to be designated as commercial instead of agricultural, and this is all agricultural property.

**Are there any uses that would lead to the agricultural land being reassessed?**

**No. Agricultural land would not be reassessed pursuant to Prop 15. Property used for only commercial or industrial purposes worth more than \$3 million would be reassessed.** This means, if a winery on a vineyard is specifically used to sell wine to customers and it's worth more than \$3 million, it will be subject to reassessment; however, if a building on that same vineyard is a processing facility used for producing wine, it will not be subject to reassessment. The same goes for a farm stand that's worth more than \$3 million with the purpose of specifically selling goods, that farm stand would be subject to reassessment.

**Could an assessor mistakenly decide to reassess farm land or property and/or agricultural land or property used for agricultural production?**

**No. Assessors have detailed use codes for all types of property: commercial, industrial, residential in all forms, and agricultural. For property to be reassessed, it must be determined to be commercial or industrial.** Barns, fruit trees, irrigation, packing sheds, and similar uses will never be considered by an assessor to be commercial/industrial property.

Assessors have confirmed this. And the authors of Prop 15 have made clear before the Board of Equalization that if any assessor should categorize agricultural improvements incorrectly, the supporters of Prop 15 will reaffirm, in any legislative or regulatory setting, that improvements on agricultural land used for the production of agricultural commodities are exempted by the clear terms of Prop 15.



***The richest 10% of corporate properties will provide 92% of the revenue.***

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