

1978 California Proposition 13

Proposition 13 (officially named the **People's Initiative to Limit Property Taxation**) is an amendment of the Constitution of California enacted during 1978, by means of the initiative process. The initiative was approved by California voters on June 6, 1978. It was upheld as constitutional by the United States Supreme Court in the case of *Nordlinger v. Hahn*, 505 U.S. 1 (<https://supreme.justia.com/cases/federal/us/505/1/>) (1992). Proposition 13 is embodied in Article XIII A of the Constitution of the State of California.^[1]

The most significant portion of the act is the first paragraph, which limits the tax rate for real estate:

Section 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

The proposition decreased property taxes by assessing values at their 1976 value and restricted annual increases of assessed value to an inflation factor, not to exceed 2% per year. It prohibits reassessment of a new base year value except in cases of (a) change in ownership, or (b) completion of new construction. These rules apply equally to all real estate, residential and commercial—whether owned by individuals or corporations.

The other significant portion of the initiative is that it requires a two-thirds majority in both legislative houses for future increases of any state tax rates or amounts of revenue collected, including income tax rates. It also requires a two-thirds vote majority in local elections for local governments wishing to increase special taxes. (A "special tax" is a tax devoted specifically to a purpose: e.g. homelessness or road repair; money that does not go into a general fund.)

Proposition 13 has been described as California's most famous and influential ballot measure;^[2] it received enormous publicity throughout the United States.^[3] Passage of the initiative presaged a "taxpayer revolt" throughout the country that is sometimes thought to have contributed to the election of Ronald Reagan to the presidency during 1980. Of 30 anti-tax ballot measures that year, 13 passed.^[4]

A large contributor to Proposition 13 was the sentiment that older Californians should not be priced out of their homes through high taxes.^[5] The proposition has been called the "third rail" (meaning "untouchable subject") of California politics, and it is not popular politically for lawmakers to attempt to change it.^[6]

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Purpose

- Limit the tax rate for properties
- State responsibility