

How Does **Schools & Communities First (SCF)** Impact Small Businesses?



What are the benefits to small business owners?

- **Small businesses thrive when our communities thrive.** All \$12 billion reclaimed by SCF goes to local communities to provide new support for the schools and services your business, employees and customers depend on, such as K-12 schools, community colleges, emergency services, street and sidewalk repair, parks and other quality of life services.
- **Cuts small business taxes by exempting up to \$500,000** of equipment and fixtures from the business personal property tax. The exemption eliminates this nuisance tax for 90% of all businesses.
- **SCF levels the playing field for small businesses** that are being nicked and dined with fees and new taxes while the rich and powerful abuse the tax system to avoid paying their share to support local schools and communities.



How Does SCF plan to reclaim \$12 billion for schools and local communities?

- **By closing commercial and industrial property tax loopholes** that benefit a fraction of wealthy corporations and investors.
- By requiring **commercial and industrial properties to be assessed based on their market value**, replacing California's unique anti-competitive transaction-based assessment system that encourages tax abuses and taxes some businesses at market value and other businesses they compete with far below their actual value.
- **80% of the new revenue** comes from the 6% of commercial and industrial properties valued over \$5 million.
- **SCF keeps the 1% limit on property taxes** adopted by voters in 1978 so California's commercial and industrial property taxes will still be among the lowest in the country after SCF passes.



What businesses will be affected by reassessment?

- **Non-residential commercial and industrial properties with a market value over \$3 million** and owners with a direct or indirect interest in non-residential commercial and industrial properties with market values totaling over \$3 million.
- The many **non-residential commercial and industrial properties already assessed at their market value** will not be affected.
- **Each business will be impacted differently** depending on how big the gap is between the current assessment and the actual market value of their affected property.
- **Assessment increases** will be phased in for affected businesses.



Who is exempt from reassessment?

- **Owners of non-residential commercial and industrial property valued at \$3 million or less**, including the total value of properties in which they have a direct or indirect interest.
- **88% of all California non-residential** commercial and industrial properties have a market value of \$3 million or less.
- **All residential properties**, including homeowners, apartments and condominiums.
- **Agricultural property** used in the production of agricultural commodities.
- **Non-profits** exempted from the property tax by the California Constitution.

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