

TAXES AND FEES

BOMA/GLA POSITION

BOMA/GLA supports the maintenance of Proposition 13 protections on commercial properties, and opposes any effort to create a “split tax roll.” This would discourage investment in commercial office buildings, and further burden office building tenants.

Additionally, while BOMA/GLA understands cities’ increasing reliance on fees as income, fees and fee increases must be reasonable and have a “nexus” to the service provided.

BACKGROUND

Over the last 10 years, BOMA/GLA and BOMA California have defeated numerous efforts to either increase the property tax rate or the frequency of property assessment for office buildings. These challenges to the current system have been promoted by those who wish to increase state spending rather than supporting a balanced approach to taxing and spending.

A study by the former state Legislative Analyst revealed that commercial properties already pay their fair share of property tax. Commercial properties are sold more often than residential ones, and use fewer state and local services. He also demonstrates that raising taxes on commercial businesses will cause them to flee to other states with lower tax rates, ultimately leaving California with fewer jobs and reduced income. BOMA/GLA agrees that increasing property tax does not benefit the state overall and should not be pursued.

Second, while cities believe the shift to a fee-for-service model is a way to recoup costs, city overhead is high and doesn’t reflect the true “administrative” costs related to the service. Charges for mayoral staff, executive offices, financial and personnel analysts are often included and can have a significant impact on costs, especially in larger cities. Further, some city services are duplicative, forcing building owners to pay multiple fees for a similar activity. Fire and building departments both plan check and inspect the same tenant improvement work, even though a more streamlined approach could be taken.

Municipalities should move cautiously before proposing fee increases that impact businesses in their communities.