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## Reform backers note failure of grim Prop. 13 predictions

By Harrison Sheppard, Sacramento Bureau  
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SACRAMENTO - Despite dire predictions of massive funding shortfalls, state and local government spending has dramatically increased in the quarter-century since voters passed Proposition 13, according to a report released Tuesday.

The report by two anti-tax groups was part of an effort to boost Gov. Arnold Schwarzenegger's budget reform effort, which has been the subject of similarly grim predictions about its effect on government spending.

"I think it's very important to tie this in to Proposition 76 insofar as we're hearing some of the same predictions of gloom and doom with 76 - that this will result in severe budget cuts," said Jon Coupal, president of the Howard Jarvis Taxpayers Association. "Quite frankly, this is the same kind of stuff we heard 27 years ago and it is not true."

State government revenue has grown from \$1,971 per capita in 1977-78 to \$2,480 in 2002-03 - when adjusted for population growth and inflation - an increase of almost 26 percent based on '02-'03 dollars, according to the report commissioned by the Jarvis group and the California Taxpayers Association.

County government revenue grew by 8.4 percent and city revenue grew by 21 percent, the study said.

Proposition 13, which put new limits on property-tax hikes, was passed by voters in 1978 despite strong opposition from government officials who argued it would devastate public programs.

The measure's chief proponent was activist Howard Jarvis who later founded the association named for him.

The \$20,000 study released Tuesday was conducted by The Center for Government Analysis, a private consulting firm run by Steven Frates, who also serves as a senior fellow at the Rose Institute of State and Local Government at Claremont McKenna College.

Frates said state and local governments compensated for the measure by adjusting other taxes and fees besides property taxes.

The effect was that while property taxes have remained relatively low and stable, other sources of revenue have increased substantially.

For example, property-tax revenue to cities decreased by almost 50 percent, but service-charge revenue increased by 42 percent and nonproperty tax revenue went up by 84 percent.

Critics have argued that Proposition 13 has hurt government programs, particularly schools, and that Proposition 76 on Tuesday's special-election ballot would make matters worse.

The Schwarzenegger measures make numerous reforms to the state budgeting process, including limiting spending increases to the average growth of the previous three years, and giving the governor new powers to make cuts during fiscal crises.

"Prop. 76 makes cuts permanent and increases temporary," said Robin Swanson, spokeswoman for the Alliance for a Better California, the union-backed group opposing Schwarzenegger. "You'll be getting rid of the peaks and stuck in the valley. It's just a messed-up way to create a budget."

Harrison Sheppard, (916)446-6723

[harrison.sheppard@dailynews.com](mailto:harrison.sheppard@dailynews.com)