Moscone's Proposition 13 article

George Moscone
FROM THE MAYOR

San Francisco and Proposition 13

By GEORGE R. MOSCONЕ

Much has been said and written in recent weeks about the implementa-
tion of Proposition 13 in San Francisco. I am pleased to have this oppor-
tunity to set the record straight for the readers of briefcase, and to explain the
steps which I have taken both before and after the June 6 election to help
our community adjust to the Jarvis-Gann initiative.

During the last election, it became clear that Proposition 13 would slash
San Francisco’s operating budget by $157 million. Overnight, the property
tax revenues of this city would be re-
duced by a whopping 57%. That’s a
major reduction for this or any other
community, so even before June 6 my
staff began preparation for a “worst
case” budget—that is, a budget which
reflected this reduction and made no
assumptions about additional reve-

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because at that point we had no idea
how much money we would receive from the state’s surplus revenues, if
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ourselves for very lean times, and our
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lected this realism.

When I told the people of our city
that San Francisco had to be prepared
for drastic cutbacks under this austere
budget, I was quite serious. It was
clear that a straight reduction of $157
million required the cutback and, in
some cases, the outright elimination
of many key services in this commu-
nity. It meant that thousands of em-

During the heat of the campaign
and thereafter, some individuals be-
lieved that these predictions were
“scare tactics.” But nothing could be
further from the truth. A city like San
Francisco is required by law to balance
its budget, and we knew that if 57% of
our property tax revenues were re-

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Fortunately I was joined in my de-
termination to avoid wholesale dis-
memberment of this community by a
majority of the members of the Board
of Supervisors. We determined that
San Francisco should partially com-
pensate for this funding loss by trans-

In this way we could begin to restore
absolutely vital services that would
otherwise be cut back or eliminated.

Additionally, we enacted a series of
revenue-raising measures to provide
our city with additional revenues in
future years. With San Francisco’s fu-
ture property tax revenue limited so
severely by Proposition 13, it seemed
prudent to allow for some growth,

But that was not all we did to adjust
to Proposition 13. By virtue of an
emergency proclamation, we con-
templated an increase in MUNI fares,
so that our public transportation sys-
tem would not suffer severe service
cutbacks.

Perhaps our most important move
was to rescind salary increases for all
city employees during the coming
year. We knew that Proposition 13
compelled us to make significant sac-
rifices in the future fiscal operations
of this city, and the $30 million we


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City and County of San Francisco.
time. I felt it was a matter of good faith for us to hold off on these tax increases, at least for one year.

But I argued at the time—and I believe just as strongly today—that our city must give itself the flexibility and latitude in future years to generate some revenues, however minimal, beyond the strict limits of Proposition No. 13.

There are a number of reasons for this.

First, every city must experience some growth, however slight, over the passage of time. Despite the best efforts of my budget staff to cut city expenditures to the bone over the last few years, we have always recognized that city expenditures must increase somewhat every year, simply because of inflation.

This kind of growth can't be ignored, but Proposition 13’s strict formula for local taxation does not take such a fundamental factor into account. Additionally, the measure’s requirement that all new taxes be approved by a two-thirds majority of all registered voters makes it virtually impossible for key revenues to be generated at the ballot box, at least in the near future.

So I believe that San Francisco must at least preserve the option of garnering modest revenues in future years, through the imposition of standby taxes. And it’s clear that we should collect such taxes only if it is absolutely necessary. If we don’t need these additional revenues, we can simply continue to defer them.

But as the readers of brief/case are aware, Proposition 13 set a deadline of July 1, 1978, for any such actions by local government. If a move to rescind this standby insurance is approved after July 1, we will forever be at the mercy of Sacramento and Washington for any additional revenues the city might require.

As the Mayor of San Francisco, I find that to be intolerable. I don’t want this city to forfeit the little fiscal latitude it has left under Proposition 13. That’s why our community must preserve at least the option to generate additional revenues—and then only if they are needed.

There have been arguments that the state will continue to experience an unexpectedly large surplus in coming years, and that San Francisco need not approve such standby tax measures.

But this argument is dangerous and highly misleading.

For one, the most reliable fiscal estimate I have seen suggests that the state’s surplus next year will be only half of what it was this year. That figure is based on a complete repayment of $900 million in emergency loans parcelled out to local government, as well as a continuing boom in the state’s economy. I think that’s a highly arbitrary reading of the crystal ball on which to base our fiscal future here in San Francisco.

But more important, it’s evident that the considerations of a political year compelled our legislature to flush out the entire surplus to local governments in recent weeks. Even if there is a healthy state surplus in the future, it would be naive to assume that the legislature would proceed as it has this year, and once again return revenues to cities and counties. As a nine-year veteran of the legislature, I can tell you that it would be far more likely for Sacramento to return any surplus directly to the voters in the

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From the Mayor

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form of a tax cut. In that case, we could not count on a surplus allocation anywhere near the amount we received this year.

The point is that San Francisco cannot base its fiscal destiny on the actions—or inaction—of the state legislature. We must be free to chart our own course in coming years, and that is why the approval of standby taxes is so very important to the future of this community.

With all our efforts to adjust to Proposition 13, there are still some individuals who claim that San Francisco has been “unaffected” by Jarvis-Gann, and that its government has somehow “failed to get the message” of the last election. Nothing could be further from the truth.

When all 25,000 city employees, from top officials on down, are denied a pay increase this year because of Proposition 13, that’s a sacrifice of $30 million.

When the inevitable layoffs take place, and both permanent employees and CETA workers find themselves in unemployment lines, that’s a major sacrifice as well. For we must never forget that the real impact of Proposition 13 on our work force will be felt next year—when the state surplus is no longer with us and major cutbacks ensue.

During the next year, this city will continue its effort to streamline local government. We’re going to scrutinize departmental budgets with great care, cut out waste and inefficiency, and improve our delivery of services. No one should think that San Francisco has not heard the call for increased efficiency in government.

But I should stress that none of these activities flow from the passage of Proposition 13. Long before Howard Jarvis became a media item, this city embarked on an effort to streamline its operations. During my tenure as Mayor, the work force of this city has declined by more than 1,000 employees. We have moved program budgeting from rhetoric to reality, and should reap the fiscal benefits of this new system very soon. The November ballot will present cost-effective reorganization proposals to the voters—and these are proposals which my office devised long before the first mention of Proposition 13.

I’m proud that, when all is said and done, this city is still on its feet after the June election. In the coming year we will enjoy first-rate police and fire protection, full MUNI services, and a community which tries to meet the needs of its residents. In constrast to many other California cities, we are not pushing any panic buttons. San Francisco will survive Proposition 13, as we have survived so many challenges in the past.

Undoubtedly there will be sacrifices in the coming years. As Mayor, I do not relish the need to reduce services, and terminate hardworking employees. These decisions become doubly difficult since San Franciscans did not vote to approve Proposition 13.

But certainly we will comply with the law of the state. As I said immediately after the June election, I am determined that our city work, and work well, under Proposition 13. With the cooperation and understanding of all San Franciscans, that is a promise I intend to keep.