



HOWARD JARVIS
TAXPAYERS FOUNDATION



2019

ANNUAL REPORT

To Our Donors and Supporters -

In 2019, your Howard Jarvis Taxpayers Foundation continued to stand up for taxpayers, battling in a challenging environment to advance the goals of lower taxes, responsible public spending and lawful governance, whether the battlefield was the ballot, the courtroom or the media.

Since the passage of Proposition 13 in 1978, the Howard Jarvis Taxpayers Association has worked tirelessly to safeguard taxpayer rights against government abuses and excesses in the Legislature and on the ballot, while the Howard Jarvis Taxpayers Foundation fights on behalf of taxpayers through litigation and groundbreaking research on the benefits of free markets and limited taxation.

As 2020 begins and taxpayers brace for another year of the tax-and-spend supermajority in the Capitol and an election that may continue that supermajority, HJTA will continue to fight to protect the interests of taxpayers and HJTF lawyers will continue their fight in the courtrooms. During the last year, our legal team secured several litigation victories defending taxpayers' right to challenge taxes/fees via Proposition 218; while HJTA successfully defeated major local and statewide tax increases at the ballot.

One instance was Los Angeles County's Measure EE, a \$500 million annual tax increase for the Los Angeles Unified School District. HJTF filed complaints on behalf of L.A. taxpayers over the LAUSD Board's decision to approve a tax on "habitable" square footage while the language presented to voters proposed the tax on all "improved" property. In this and other efforts, HJTF and HJTA defeated the special interests, improved voting transparency, and defended pro-taxpayer laws such as Prop. 13.

In the ongoing fight for government transparency, the 2019 Follow the Money report documented nearly \$50 billion in taxpayer dollars wasted through abuse and misuse. Notable examples of bureaucratic mismanagement include \$410 million awarded to the state to help financially stressed homeowners that former Governor Jerry Brown allocated elsewhere and expenses of \$1.1 billion to repair Oroville Dam, a project that was originally supposed to cost only \$200 million.

In 2020, HJTF's biggest fight will be in several cases in which the two-thirds vote requirement for special taxes at the local level is under assault. Losing any of those cases will leave all California taxpayers at extraordinary risk.

Thank you for your commitment and for standing with the Howard Jarvis Taxpayers Foundation. We greatly appreciate your support.



Jon Coupal

JON COUPAL
CHAIRMAN, HOWARD JARVIS TAXPAYERS FOUNDATION



John Suttie

JOHN SUTTIE
PRESIDENT, HOWARD JARVIS TAXPAYERS FOUNDATION



TABLE OF CONTENTS

2019 ANNUAL REPORT

Message from the Chairman and President	1
Board of Directors and Officers	3
A Tribute to Trevor Grimm, 1938-2019	4
History of HJTF	5
Fighting for Taxpayers in the Courtroom	6
Documenting and Exposing Billions in Government Waste	16
Communications Report	18
Funding Report and Financial Overview	19
Contact Us	20
Additional Testimonials	21

JON COUPAL, CHAIRMAN

Jon Coupal serves as President of the Howard Jarvis Taxpayers Association. Mr. Coupal first joined HJTA in 1991 to oversee the organization's litigation and lobbying efforts. He is a recognized expert in California fiscal affairs and has won numerous tax cases before the courts. Mr. Coupal is a graduate of the Marshall-Wythe School of Law at the College of William and Mary, where he received his J.D. in 1982.

DAVID C. HENSLEY, DIRECTOR

David Hensley is an attorney specializing in real estate law, income, estate and property tax law and probate and trust law. He primarily represents entrepreneurs and professionals in those fields. Mr. Hensley received his J.D. from the University of Southern California. Prior to that, he served in the U.S. Navy as a Naval Gunfire Officer.

CRAIG MORDOH, DIRECTOR

Craig Mordoh is an attorney specializing in all aspects of real estate law with an emphasis on litigation, rent control, landlord/tenant, municipal and administrative law. In addition to his private practice, Mr. Mordoh provides nonprofit legal services defending property rights. He received his J.D. from Southwestern University School of Law.

JOHN SUTTIE, PRESIDENT

John Suttie has been the President of the Howard Jarvis Taxpayers Foundation since 1990. He has a background in real estate development and management and has exercised leadership in the creation of non-governmental housing solutions for low-income citizens. Mr. Suttie is a graduate of University of California, Long Beach.

GARY R. HOLME, DIRECTOR

Gary Holme is a Certified Property Manager who for more than 40 years has been active in property rights issues including legislation impacting real estate at both the state and federal levels. Mr. Holme serves as president of the Beaumont Company, one of the country's oldest and most respected property management firms. On May 10, 2019, he celebrated his 54th year with the Beaumont Company. Mr. Holme has served in leadership capacities in numerous real estate and property management associations and boards.



A TRIBUTE TO
TREVOR GRIMM
1938-2019

It's with saddened hearts that we share the news of the loss of an irreplaceable and treasured member of the HJTA family.

Trevor A. Grimm, HJTA's longtime board member and general counsel, was instrumental in crafting the words that became Proposition 13, the most important taxpayer-protection measure in the history of California. As Howard Jarvis' attorney and a key founder of the Howard Jarvis Taxpayers Association, Trevor fought many battles and won important victories, helping to reshape state law to secure the right to vote on taxes.

He was part of the legal team that won a critical case in the United States Supreme Court to uphold the constitutionality of Proposition 13.

A graduate of Stanford University and the USC School of Law, Trevor was admitted to the State Bar of California in 1963 and soon after became the general counsel of the Apartment Association of Greater Los Angeles. Three years later, he was sworn in as AAGLA's president.

Apartment owners and homeowners were allies in the fight to protect all California property owners from skyrocketing tax bills that were based on the market value of real estate. During the inflation-ravaged 1970s, governments were merrily collecting higher taxes based on "paper" profits. Beleaguered taxpayers were forced into higher tax brackets even as the real buying power of their money declined. Property values, too, were rising with inflation, and annual tax bills were soaring along with them.

Proposition 13 amended the California Constitution to limit increases in the assessed value of property to no more than 2% per year until there was a change in ownership, and it locked the statewide tax rate on property at 1%. Prior to Proposition 13, the statewide average tax rate on property was 2.67%.

Today, Californians might gasp at the thought of paying 2.67% of the market value of their home, every year, in property taxes.

People were certainly gasping at their tax bills in 1978 when voters overwhelmingly approved Proposition 13, securing predictable taxation and allowing California families to keep their homes instead of being taxed out of them.

Trevor Grimm never sought the spotlight or the credit for the work he did to protect taxpayers, but we are fortunate to have had his wisdom and his counsel here at the Howard Jarvis Taxpayers Association and the Howard Jarvis Taxpayers Foundation. We wanted you to know how important he was to us, to you, and to the history of California.

Trevor passed away peacefully, surrounded by his family, on June 30.

Trevor was a mentor and inspiration to all of us at HJTA and HJTF. We will miss him more than we can express in words.

The Howard Jarvis Taxpayers Foundation was established to conduct research, education and litigation on behalf of taxpayer rights. HJTF is part of the Jarvis family of organizations founded in 1978 with the historic passage of Proposition 13, a measure which dramatically reduced property tax bills for Californians at a time taxes were spiraling out of control and people were losing their homes.



When you and your fellow Californians passed Prop. 13 in 1978 you struck a powerful blow for our freedom.

PRESIDENT RONALD REAGAN

President Ronald Reagan, in an address to HJTA members, said, “When you and your fellow Californians passed Prop. 13 in 1978 you struck a powerful blow for our freedom. You used the initiative process to become citizen lawmakers when the legislature refused to take action to protect us from confiscatory taxation. With Proposition 13 we told government that since the power to tax is the essence of government, we citizens are going to take control of taxation.”

Our attorneys have won numerous precedent-setting victories for taxpayer rights in California over the years. Because litigation is so expensive, citizen taxpayers are often unable to challenge illegal taxes imposed on them and contact HJTF for help. With nowhere else to turn, many taxpayers approach us feeling frustrated and helpless.

Our full-time legal team analyzes issues and intervenes on taxpayers’ behalf when the opportunity exists for us to establish an important precedent. HJTF’s litigation team has achieved many landmark victories for taxpayers, including the historic recognition of Proposition 13’s constitutionality by the United States Supreme Court. Other significant legal precedents established by HJTF’s victories include: pay and benefits of government employees can no longer be kept secret from the public; the Legislature is no longer allowed to write biased and self-serving ballot descriptions of its own proposals; and taxpayers can no longer be barred from challenging ongoing illegal taxes simply because of a statute of limitations saying too much time has passed.

We also sponsor original research exploring innovative policy solutions for increasing government efficiency, economic freedom and tax limitation.



FIGHTING FOR TAXPAYERS IN THE COURTROOM

The Howard Jarvis Taxpayers Foundation’s legal department provides taxpayers an unparalleled resource. Taxpayers who contact HJTF find a sympathetic listener who will intervene on their behalf, or at least try to point them in the right direction. With the goal of steering the development of the law in favor of taxpayers, HJTF’s expert legal team maximizes its impact by providing legal opinions to government officials, filing complaints with administrative enforcement agencies, litigating its own cases in court, and delegating selected cases to outside counsel.

In almost all cases where HJTA is a named litigant it is represented by HJTF attorneys.



HJTA V. NEWSOM (FORMERLY: HJTA V. BROWN)



In 2016, the Legislature passed a bill, SB 1107, which purported to amend the Political Reform Act to allow public funds to be used for political campaigns. The Political Reform Act was a citizens initiative passed by voters in 1974 to ensure fair elections in California. The Act expressly prohibits public funding of political campaigns. It also provides that any amendments which do not “further the purposes of the Act” must be approved by voters.

HJTA teamed up with retired Judge Quentin Kopp and attorney Anthony Caso of the Chapman University Center for Constitutional Jurisprudence to challenge the validity of SB 1107 in court as violating the Political Reform Act because it contradicted the Act and was passed without voter approval.

HJTA won in the trial court, but the State appealed. After a long wait, the Court of Appeal in August 2019 sided with HJTA, affirming our trial court victory. Taxpayer funds are again safe from misappropriation by politicians for campaign advertising.



HJTA V. CITY OF PASADENA



For decades the City of Pasadena imposed a 25% surcharge on water customers located outside city limits, even though it did not cost the City 25% more when water flowing through a pipe crossed the City’s border.

In 2014, HJTA filed a class action lawsuit to challenge the surcharge on behalf of all the City’s outside customers. We argued that Proposition 218 prohibits charging customers more than the City’s actual cost of providing service.

After collecting evidence about the City’s water system, deposing city employees, and hiring expert witnesses, our case was ready for trial. We filed our trial brief and lodged our exhibits. On the eve of trial, lawyers for the City called and asked for terms of settlement. A settlement was reached that completely fixed the rate structure and reimbursed HJTF for attorney fees.

Because this was a class action, the settlement required court approval and an opportunity for class members to object or opt-out. The Court gave final approval to the settlement in October 2018, and it was fully implemented this year.



PLANTIER V. RAMONA MUNICIPAL WATER DISTRICT



Although most public agencies bill their sewer customers based on the amount of water they use, Ramona Water District billed all houses the same flat fee, and billed commercial customers based on general assumptions about their business. A group of overcharged commercial customers sued to challenge the District's billing method. They argued that Proposition 218 prohibits charging customers more than their fair share of the District's costs.

The District moved to dismiss the case because the customers had not filed a protest at the last public hearing for a proposed rate increase. The customers responded that their lawsuit was not attacking the rate increase, but rather the underlying method used to apportion costs among customers. The trial court threw out the case. The customers appealed. In the Court of Appeal, HJTA filed an amicus brief arguing that not participating in the hearing for a rate increase should not preclude a ratepayer from challenging a rate structure that is invalid at its core.

The Court of Appeal ruled in favor of the customers. In a footnote it said, "We found the amicus brief of Howard Jarvis Taxpayers Association - the author and principal sponsor of Proposition 218 - particularly useful in resolving this case."

The District petitioned the California Supreme Court, which agreed to hear the case. We filed an amicus brief there too, and one of HJTA's lawyers presented oral argument at the Supreme Court hearing. The Supreme Court affirmed the Court of Appeal, siding with HJTA and the customers. This protects taxpayers' right to sue without first jumping through meaningless hoops.



WALKER V. MARIN MUNICIPAL WATER DISTRICT



This case mirrors *Plantier v. Ramona Municipal Water District*. Ms. Walker sued her Marin Municipal Water District for violating Proposition 218 in the way it billed customers. Following the strategy of the Ramona water district, the Marin district moved to dismiss Ms. Walker's case for failure to file a protest at the last hearing for a proposed rate increase. The trial court threw out the case, and Ms. Walker appealed.

With HJTA again providing an amicus brief, the Court of Appeal reversed the trial court and ruled that ratepayers need not file a protest as a precondition to taking legal action. Marin's petition to the State Supreme Court was denied because the issue was decided in *Plantier's* case.

FIGHTING FOR TAXPAYERS IN THE COURTROOM



HJTA V. COUNTY OF YUBA



In September of 2018, HJTA sent a letter advising Yuba County that its Measure K, a tax increase on the ballot for specific purposes, should have been listed as a special tax and would need a two-thirds vote to pass. The County nevertheless treated it as a general tax and declared that it passed with 54% approval.

After several upset residents of Yuba County, one of the poorest counties in the state, reached out to HJTA, we asked the law firm of Bell, McAndrews, and Hiltachk to represent us in a lawsuit contesting the declared election result. The ballot had described Measure K as a tax to support the sheriff, fire, paramedic, “and other essential services.” We argued that this promise made it a special tax because a significant percentage of the County’s spending is not for “essential” services.

In September 2019 the trial court sided with HJTA and Yuba County taxpayers, invalidating Measure K as a special tax disguised as a general tax to evade the two-thirds vote requirement in Proposition 13. The decision protects transparency for voters, and protects the two-thirds vote. Unfortunately, the County has filed a notice of appeal. Hopefully the decision will survive an appeal.



HJTA V. LOGAN



The Board of the Los Angeles Unified School District (LAUSD) proposed a ballot measure to levy a parcel tax on livable property, known as Measure EE. It would have cost taxpayers \$500 million annually. The District Superintendent, on his own without Board approval or a public hearing, changed the ballot language from livable property to all developed property, greatly increasing the amount of property affected and the cost to taxpayers.

Understanding the urgency, HJTA and another law firm filed suit against the Registrar of Voters to have the altered measure invalidated. Although the court did not hear the case until two days after the election, the lawsuit generated so much controversy and publicity that Measure EE failed at the polls. HJTA dropped the suit, but requested a Fair Political Practices Commission investigation into the use of public resources by LAUSD to help the measure’s campaign.



HJTA V. LOS ANGELES UNIFIED SCHOOL DISTRICT

SETTLEMENT
IN NEGOTIATIONS

As mentioned above, HJTA believes that LAUSD used public funds, public buildings, and public employees to campaign for passage of the Measure EE parcel tax. There are state statutes forbidding the misappropriation of public resources

FIGHTING FOR TAXPAYERS IN THE COURTROOM

for political purposes. Besides these statutes, the First Amendment right of free speech also protects against “compelled” speech where people are forced to pay taxes to underwrite someone else’s political message.

To confirm its belief that LAUSD misused public resources, HJTA requested several categories of documents from LAUSD under the California Public Records Act. Although the Act requires the prompt production of non-privileged documents, the District ignored our request for months. It’s position was that since Measure EE failed, we didn’t need the records.

In September 2019 HJTA filed a lawsuit against LAUSD to force public disclosure of the requested documents. Within days the District turned over the first round of what it calls a “rolling production” of documents uncovered through an ongoing search. If within a reasonable amount of time the District discloses all of the documents we have asked for, we are willing to settle the case on terms that are already being discussed.



HJTA V. PADILLA

BATTLE WON
BUT FIGHT CONTINUES!

In response to the gas and car tax hikes in 2017, a petition to recall State Senator Josh Newman (D) gathered sufficient signatures for an immediate recall election. The Legislature and Governor tried to thwart the will of Senator Newman’s constituents by passing SB 96 as an emergency “budget” bill, retroactively amending the Elections Code to stop the recall.

With help from the law firm of Bell, McAndrews & Hiltachk, HJTA filed suit, asking the court to order California’s Attorney General, Alex Padilla, to proceed with the recall election. We argued that SB 96 was not a legitimate budget bill because its chief purpose was to block the Secretary of State from certifying the recall election for the November 2017 ballot. The court approved HJTA’s request and halted SB 96 from taking effect.

After the Legislature returned from summer recess, however, it passed SB 117, which did the same thing as SB 96. HJTA filed suit again, directly in the Court of Appeal. The Court of Appeal consolidated the two cases. It ordered the Secretary of State to proceed with this election while the parties briefed and argued the validity of the two bills. The election was held, and Senator Newman was recalled.



LOUISE V. CALIFORNIA REPUBLICAN PARTY

Victory!
FOR TAXPAYERS

During the recall of Senator Newman, explained above in HJTA v. Padilla, a group of Newman supporters claimed they were tricked into signing a petition to recall him, thinking it was a petition to repeal the gas and car tax. Although they didn’t read the petition they signed, could not prove they signed the wrong petition, and could not identify the petition circulator who allegedly misled them, they sued everyone involved in the Newman recall, including HJTA.

FIGHTING FOR TAXPAYERS IN THE COURTROOM

HJTA filed a motion to dismiss the case as a SLAPP suit (Strategic Lawsuit Against Public Participation). The motion argued that petition circulating and speaking to voters are First Amendment rights that are fundamental to protecting taxpayers. The trial judge denied HJTA’s motion, and HJTA appealed.

The Court of Appeal agreed with HJTA that its activities were protected by the First Amendment and, in any event, the Newman supporters had no chance of proving their claims at trial. In the Court’s words, “there was an utter failure by Plaintiffs to make out a prima facie case.” The successful recall and court victories send a message that politicians must answer to voters when they pass new taxes.



WILDE V. CITY OF DUNSMUIR

PENDING

In March 2016, the City of Dunsmuir significantly increased water rates. One resident, Leslie Wilde, gathered sufficient signatures to call for a referendum. She followed all of the required procedures, but the City refused to put her referendum on the ballot, claiming that the voters’ right of referendum does not apply to fees for water and other utility services. Ms. Wilde sued, representing herself without a lawyer.

Ms. Wilde lost in the trial court, but appealed. The Court of Appeal reversed the lower court’s ruling, confirming voters’ right of referendum. The City then petitioned the California Supreme Court, and it agreed to review the case. Ms. Wilde contacted HJTA and asked if we would represent her before the Supreme Court. We gladly accepted.

This is an important case for taxpayers because once the elections official certifies that a referendum petition has enough signatures, it has the effect of immediately suspending the rate increase until voters approve or reject it at the election. If citizens were to lose their referendum power over rate increases, they would be left with only their initiative power. While the initiative is a stronger power because it enables voters to not only reject an increase, but also to reduce rates or set new ones, an initiative has no effect until after the election. In the meantime, the agency is free to collect and pocket the challenged rate increase.

At this time, the case is fully briefed and we are simply waiting for the Supreme Court to schedule oral argument.



HJTA V. AMADOR WATER AGENCY

PENDING

Pre-dating the start of the Wilde case (above), a hefty rate increase by the Amador Water Agency was met with a similar reaction. Ratepayers collected sufficient signatures on a referendum petition to put the increase up for a vote, but the Agency refused to put it on the ballot based on the same theory that the voters’ referendum power does not apply to

fees for water and other utility services.

HJTA sued on behalf of the ratepayers, asking the court to order the Agency to place the referendum on the ballot. Sadly, the trial court accepted the Agency’s theory and ruled in its favor. HJTA appealed to the same Court of Appeal that sided with Wilde. Although the Amador appeal reached the court before Wilde, the Court decided the cases out of order. Even stranger, it reached inconsistent results. Although taxpayers won in the Wilde case, they lost in Amador.

Since the California Supreme Court had already granted review of the Wilde case, HJTA asked the Supreme Court to take up Amador and hold it pending the outcome of Wilde. The Court approved our request, which puts this case in a state of limbo until Wilde is decided.



HJTA V. CITY AND COUNTY OF SAN FRANCISCO

PENDING

Since 1978, Proposition 13 has required two-thirds voter approval for new local special taxes. A special tax is any tax imposed for specific purposes. In 2017, however, the San Francisco City Attorney thought he discovered a way around the two-thirds vote requirement. He published his opinion that if a special tax were proposed by a citizens initiative, it could pass with a simple majority vote.

The following year, three special tax proposals made it to the ballot as initiatives. One was particularly offensive because it was devised by the San Francisco Board of Supervisors and drafted by the City Attorney, but disguised as an initiative. One of the Supervisors volunteered to be the “proponent” and organize the signature gathering. It appeared on the June ballot as Proposition C, a gross receipts tax on commercial rents. It received only 50.87% of the vote, but was declared passed by the Board of Supervisors.

HJTA challenged the declared outcome in court, joined by the Building Owners and Managers Association of California, California Business Properties Association, and the California Business Roundtable, asserting that two-thirds approval was required by Proposition 13.

The trial court was indifferent to our argument that the Supervisors hijacked the citizens initiative process for the purpose of evading the two-thirds vote requirement. It ruled against us, adopting the reasoning of the City Attorney. HJTA appealed. Briefing has begun. Meanwhile, other groups have sued to challenge the other two special tax initiatives.



CITY OF FRESNO V. FRESNO BUILDING HEALTHY COMMUNITIES

PENDING

This case presents the same issue as *HJTA v. City and County of San Francisco* (above) except that it involves a genuine citizens initiative, Measure P on the November 2018 ballot in the City of Fresno. It proposed a sales tax increase for extra funding of city parks and recreation. The measure received 52% of the vote and was declared failed for lacking a two-thirds vote. Litigation ensued.

Following San Francisco's line of thought, the initiative proponents argued that Proposition 13's two-thirds vote requirement applies only to special taxes proposed by the government, not taxes proposed by an initiative. The City took a position of neutrality.

HJTA intervened on the grounds that the interest of taxpayers was unrepresented in the litigation. HJTA then filed a motion for judgment on the pleadings, arguing that it would open a huge loophole in the two-thirds vote protection if taxes proposed by initiative were exempt.

The Fresno trial court parted company with its sister court in San Francisco. It awarded judgment to HJTA, ruling that the two-thirds vote requirement applies to the voters, not the government, regardless of who proposes the tax. The proponents appealed, and briefing will begin soon.



HJTA V. BAY AREA TOLL AUTHORITY

PENDING

HJTA sued to invalidate Regional Measure 3 (RM3), a \$3 toll increase on the Bay Area bridges which appeared on the June 5, 2018 ballot in the nine Bay Area counties. The Bay Area Toll Authority (BATA) declared that RM3 passed with 54% voter approval, but we believe it needed the two-thirds vote required to pass a "special tax" because the money will be used neither for the bridges nor to benefit the motorists who pay the toll, but rather to benefit persons using other transportation facilities including BART, ferries, in-city buses, the Port of Oakland, and bicycle and pedestrian trails. Our lawsuit also challenged SB 595, the bill that authorized BATA to propose and implement the toll increase, because it did not receive two-thirds approval in the State Legislature.

BATA and the Legislature argued that Proposition 26 (2010), which was meant to make more fees subject to the voter approval requirement and more bills subject to the two-thirds legislative vote requirement, actually had the opposite effect by opening a loophole that allows local agencies and the State to charge fees of any amount for use of government property, and to spend the money as they please. Under their theory, the government can impose heavy fees not only on cars crossing public bridges or parking in public garages, but also on shipments using public roads, water stored in public

reservoirs, utilities passing through public land, internet traffic using government servers, etc. The amount of the fee need not be reasonable, and use of the fee need not benefit the payer.

Unfortunately, the trial court sided with BATA and the Legislature, ruling that fees for entering or using government property are exempt from Prop 26's taxpayer protections. HJTA has appealed this decision. Briefing is almost complete.



WHITNEY V. METROPOLITAN TRANSPORTATION COMMISSION

PENDING

While HJTA was battling BATA and the Legislature in the case above, a self-represented individual filed a similar suit against the Metropolitan Transportation Commission, the agency in charge of BATA. He too claimed that the increased bridge toll was a special tax needing two-thirds voter approval under Prop 13. Sadly the same Judge who decided HJTA v. BATA (above) heard this case too, and entered the same negative ruling.

The individual asked HJTA to take over the appeal for him, which HJTA happily agreed to do. HJTA's motion was granted to consolidate the two cases, which will avoid duplication.



HJTA V. CHIANG AND THE CALIFORNIA SECURE CHOICE RETIREMENT SAVINGS PROGRAM

PENDING

HJTA filed this case in May 2018 in federal court, challenging a new state-run retirement savings program for private employees known as "CalSavers." A questionable Obama-era exemption allowing these state-run retirement programs was repealed by Congress in 2017, but California's State Treasurer, John Chiang, proceeded to implement CalSavers anyway. Without the exemption, we contend, CalSavers violates ERISA – the federal law that governs retirement programs. It is also unnecessary since any person can save for retirement by opening an IRA, and can set up automatic payroll deposits into their IRA. CalSavers would also impose burdens and risks on private employers since participation is mandatory for most employers who do not offer a company retirement program.

In March 2019, a federal Judge dismissed the case at the State's request because the Judge didn't think ERISA applied to make CalSavers illegal. However, he gave HJTA permission to supplement our theory. By April, HJTA was back in front of the same judge with more evidence that CalSavers violates ERISA. Next, the United States Attorney General weighed in, filing a brief on behalf of the United States explaining that for several reasons, HJTA is right: CalSavers is illegal under federal law. We are waiting for the Judge's reaction.

FIGHTING FOR TAXPAYERS IN THE COURTROOM



MCCLAIN V. SAV-ON DRUGS

LOSS
FOR TAXPAYERS

California is one of a minority of states where state law makes the retailer responsible for paying sales tax. (This allows California to collect tax on more sales.) As the State sees it, even though customers pay sales tax when they purchase goods, the store must remit the tax to the State, which makes the store the “taxpayer.” This has caused problems for years because, when customers are overtaxed or improperly taxed, they have no remedy. A statute protects the store from liability so long as it turned the money over to the State, but if the customer sues the State for a refund, he is kicked out of court because he is not the legal taxpayer.

In this case, pharmacies across California charged sales tax to diabetic customers purchasing the medical supplies they need to test and manage their insulin levels. This was improper because such supplies are exempt from State sales taxes. HJTA, participating in the case as an amicus, asked the State Supreme Court to review a decision of the Court of Appeal which had denied the customers a remedy. Review was granted, and HJTA argued that the Court should look past the statutory myth that the retailer is the taxpayer, recognize the reality that consumers actually pay the tax, and allow diabetics to file a claim for refund directly with the State.

Unfortunately, the State Supreme Court affirmed the Court of Appeal’s negative ruling. The group of customers who had sued then appealed to the U.S. Supreme Court, but it declined to hear the case.



HJTA V. CALIFORNIA DEPT. OF FORESTRY

PENDING

HJTA is challenging the “fire tax,” a State fire prevention fee that HJTA believes to actually be a tax on habitable structures in the State Responsibility Area. If found to be a tax and not a fee, it would be invalid as it did not receive two-thirds approval in the Legislature.

The case was brought as a class action, allowing anyone affected by the fee to apply for a refund and join HJTA’s lawsuit. A court date was set. HJTA and the State filed their briefs and submitted their evidence. When the hearing started, however, instead of trying the case on the merits, the Court entertained a motion by the Attorney General to dismiss the case. Thanks to the efforts of HJTA’s lobbyist, the Legislature had recently repealed the fee. Although the fee was no longer being collected, we argued that our claim for refunds should be heard. Nevertheless, despite the fact that the case was fully briefed and ready for resolution, the Judge granted the motion to dismiss.

We appealed this decision to the Court of Appeal as an abuse of discretion. The appeal is now fully briefed. We are just waiting for the Court to schedule oral argument.

FIGHTING FOR TAXPAYERS IN THE COURTROOM



HJTA V. COUNTY OF LOS ANGELES

Vindication!
FOR TAXPAYERS

In March 2017, Los Angeles County placed Measure H, a sales tax for homeless programs, on the ballot and voters approved it. Prior to Election Day, the County spent approximately \$900,000 of public funds promoting the measure through professional ads.

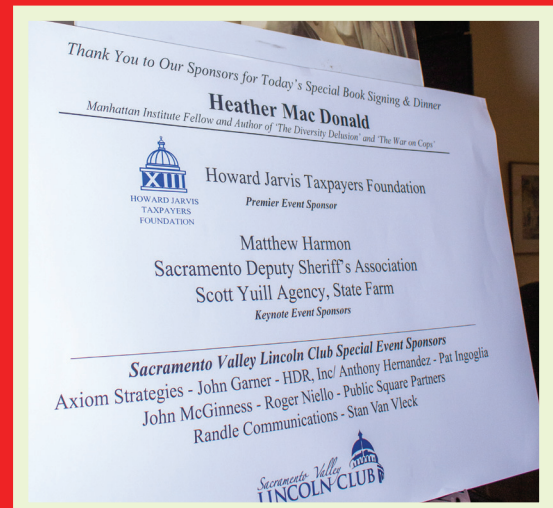
HJTA complained to the State’s Fair Political Practices Commission (FPPC) that the ads crossed the line from the permissible delivery of information to the illegal use of taxpayer dollars for political campaigning. Moreover, the County failed to disclose it was the sponsor of the ads, and failed to file required campaign disclosures and expenditure reports.

Acting on HJTA’s complaint, the FPPC charged the County and its Supervisors with 15 counts of campaign finance violations, including the illegal expenditure of over \$814,000 in public funds. It is now up to the County whether to fight the charges or accept a fine.

HJTF HIGHLIGHTS GREAT WORK

The Howard Jarvis Taxpayers Foundation funds legal and educational efforts on behalf of taxpayers, and in September we were pleased to be the premier event sponsor when the Sacramento Valley Lincoln Club presented Heather Mac Donald, Manhattan Institute Fellow and author of “The Diversity Delusion” and “The War on Cops.”

The Foundation also honored Marin’s Coalition of Sensible Taxpayers, also known as CO\$T, with the Taxfighter of the Year award. HJTF Chairman Jon Coupal dropped by to personally present the award to CO\$T’s president and founder, Mimi Willard.



DOCUMENTING AND EXPOSING BILLIONS IN GOVERNMENT WASTE

The Howard Jarvis Taxpayers Foundation has sponsored numerous studies on California taxpayer issues including the sustainability of government pension programs, trends in overall government pay, and the feasibility of the state's ongoing high speed rail boondoggle. This research provides a valuable resource to policymakers and taxpayer activists.

Californians of different political persuasions might disagree on the appropriate size and scope of government, but most people should be able to agree we have a right to expect our tax dollars to be spent responsibly and for their stated purposes.

With motorists feeling the wallop of billions in new gas taxes and vehicle fees that Sacramento claimed would be used to improve our roads but have been funneled elsewhere in the State budget, there could be no better time for taxpayers to demand a better accounting of where our money actually goes.

Follow the Money documents waste, fraud, and abuse that occur in our state government, providing taxpayers with specific examples to share with their friends and neighbors when the conversation turns to taxes.

Instances of waste documented in this year's report include:



FIREFIGHTERS' PAY ON PAR WITH DOCTORS

In 2017, at least 640 Los Angeles County firefighters earned over \$100,000 in overtime, with 24 earning more than \$200,000 in just overtime pay.

Concerned with the massive amounts of overtime being paid out to the fire department, the county launched an audit. Los Angeles Fire Department employees make up a third of the county's 1000 highest paid employees, on par with plastic surgeons, anesthesiologists, and pediatricians.



CALIFORNIA MISAPPROPRIATES \$410 MILLION MEANT TO GO TO FINANCIALLY DISTRESSED HOMEOWNERS

A federal lawsuit led to a \$2.5 billion settlement for charges of deceitful and erroneous foreclosures, with California receiving \$410 million to assist affected homeowners. However, former Governor Jerry Brown and the State Legislature used the money to make payments on old housing bonds. After homeowners sued and courts ordered Brown to repay the money, Brown appealed to the California Supreme Court while the Legislature passed a bill affirming the money had been used correctly.



**SAN FRANCISCO SPENDS \$410,000 TO
ALLOW 49 NON-CITIZENS TO VOTE IN
SCHOOL ELECTIONS**

After the passage of a 2016 measure allowing non-citizens to vote in San Francisco school board elections, the City spent \$310,000 registering 49 non-citizens and immigrants (about \$6,300/voter). The City also spent another \$100,000 to inform non-citizens that they were now able to vote in school elections.



**AUDIT DISCOVERS CALIFORNIA PAID
OUT \$4 BILLION TO INELIGIBLE
MEDI-CAL RECIPIENTS**

The State Auditor's office discovered 453,000 ineligible Medi-Cal beneficiaries who received \$4 billion from 2014 to 2017 as a result of discrepancies in state and county records. At least 57% of them had been receiving benefits for at least two years.

Although politicians and their special interest boosters constantly insist beleaguered taxpayers must pay even more, the Follow the Money report puts the lie to their claims. Sacramento has no shortage of money. They do consistently fail to manage our tax dollars responsibly.

WHAT OUR SUPPORTERS SAY

Tammy H. reviewed **Howard Jarvis Taxpayers Association**

VIA EMAIL

"Thank you HJTA, you have been an immense asset and support during this process. We would not have succeeded in any effort had it not been for you."

Stacy P. reviewed **Howard Jarvis Taxpayers Association**

VIA FACEBOOK

"Went to a [HJTA] forum last night for first time. Love the passion and what they stand for. Stop Taxifornia!"

The Howard Jarvis Taxpayers Foundation continues to be the leading voice in California for the protection of Proposition 13 and the interests of taxpayers statewide. HJTF’s outstanding work in the courts and its education efforts in the public sphere carry the message that at all times, the power of government must be kept within limits to protect freedom.

The HJTF team regularly appears on television and radio news and talk programs to provide credible and complete information about pending legislation, ballot measures and policies that affect California taxpayers. Major media outlets reach out to us every week for comments and interviews on breaking news. HJTF Chairman Jon Coupal, Legislative Director David Wolfe and VP of Communications Susan Shelley have been interviewed by radio stations including KFI, KNX and KABC in Los Angeles, KOGO in San Diego and KTKZ in Sacramento, as well as TV stations in all major markets and print outlets including the Sacramento Bee, the L.A. Times, and the San Francisco Chronicle.

Jon Coupal’s respected commentary was once again requested for McClatchy’s “California Influencers” series, which draws on the state’s most highly regarded experts in government, politics and public policy for analysis of key issues facing the state. Mr. Coupal’s weekly column continues to appear in the 11 newspapers of the Southern California News Group, which includes the Orange County Register, the Los Angeles Daily News, the Long Beach Press-Telegram and the Riverside Press-Enterprise.

The communications team was pleased to inform taxpayers and the media about HJTF’s significant legal victories in the fight to protect the two-thirds vote requirement for tax increases and to prevent public funds from being used for political campaigns.

We continue to maintain a strong presence on social media platforms to reach the widest possible audience. Our 27,334 taxpayer followers on our combined Facebook, Twitter, and Instagram pages is one of the largest followings of any California political page. Through our engaged social media following, we reach an audience hundreds of times greater, extending our message of taxpayer rights across the digital universe. Our posts routinely go viral and reach audiences of well over 100,000 or more. All told, our social media efforts reached nearly 8 million while logging an engagement (such as a Facebook like, a share, or a retweet), nearly 1 million times.



Our website has continued to be the leading online resource for taxpayers, with detailed information on Proposition 13, Proposition 218, latest news for taxpayers, and shareable tools such as our “Guessing Game” tax calculator that exposes the astronomical tax increases homeowners would face if Proposition 13 were ever repealed. This online resource generates over 20,000 pageviews from taxpayers around California and the nation every month.

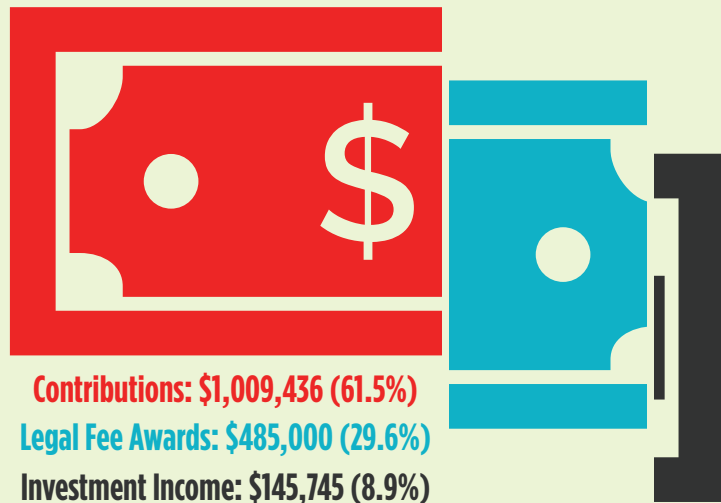
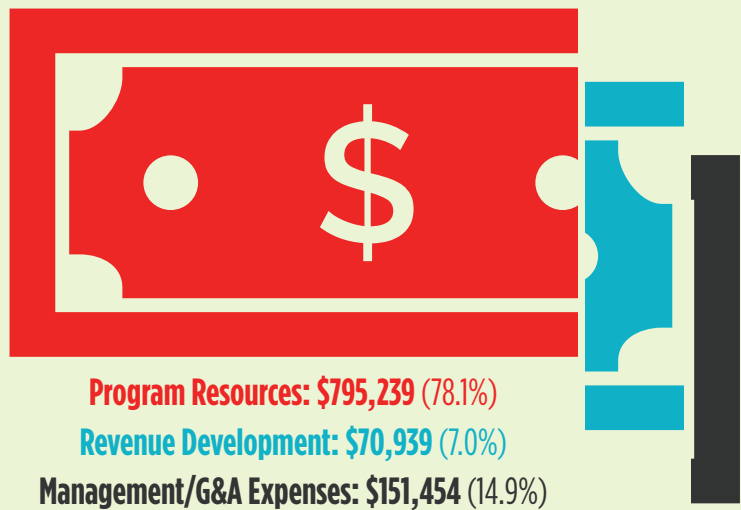
It is our mission to educate and inform all Californians about critically important issues that affect their families’ future, and through our traditional and online media presence, we’re reaching millions time and time again.

FUNDING REPORT AND FINANCIAL OVERVIEW

Special interests and bureaucrats spend millions every year campaigning on behalf of pro-tax political candidates and lobbying Sacramento. They are well organized and well funded. Their agenda is always more money for themselves at the expense of taxpayers. They count on taxpayers being too busy working and taking care of their families to be able to fight back. HJTF empowers taxpayers to speak with one voice and fight back.

Our dedicated development team generates the financial resources needed to fight back against massive bureaucracies through in-person meetings and presentations, direct mail programs, print and electronic communications, and planned giving.

OPERATING EXPENSES
TOTAL: \$1,017,632



OPERATING REVENUE
TOTAL: \$1,640,182

END-OF-YEAR NET ASSETS: **\$1,955,097**

Direct Mailing Costs Included in Operating Expenses Above: **\$235,594**

HJTF's important work for taxpayer rights is supported entirely by the generosity of concerned citizens. We accept no government funding other than cases in which HJTF is awarded attorney fees to be paid by a government entity that we have defeated in court.

Contributions to HJTF are fully tax-deductible. The Foundation is a qualifying 501(c)(3) organization under regulations of the Internal Revenue Service and documentation relating to its tax-exempt status is available on request. HJTF's tax I.D. Number is 52-1155794.

HJTF maintains offices in Sacramento and Los Angeles and conducts research, education, and litigation on issues of taxpayer rights.

NORTHERN CALIFORNIA

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SOUTHERN CALIFORNIA

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Los Angeles, CA 90005
Phone: 213-384-9656

REACH US VIA EMAIL: INFO@HJTA.ORG

WHAT OUR SUPPORTERS SAY

Sandy J. reviewed **Howard Jarvis Taxpayers Association**

VIA EMAIL

"Thank you so much for your blessed tenacity for 'we, the taxpayers.' I always am torn by your appeals for support, since I am barely squeaking by as a senior on a fixed income."

George L. reviewed **Howard Jarvis Taxpayers Association**
VIA EMAIL

"All California property owners owe you a huge "thank you" for the never ending hard work defending beautiful prop 13. THANK YOU EVER SO MUCH."

Ed D. reviewed **Howard Jarvis Taxpayers Association**
VIA EMAIL

"I wish to thank the HJTA for all of the money they have saved my family over the years. I am a grassroots supporter of HJTA and will continue to tell my friends and neighbors about the excellent work you do. Keep up the good work."

Rak K. reviewed **Howard Jarvis Taxpayers Association**
VIA EMAIL

"Thank you for keeping a careful watch on the California legislators."

HOWARD JARVIS
TAXPAYERS FOUNDATION



2019

ANNUAL REPORT