



**California Special
Districts Association**
Districts Stronger Together

Floor Alert

SB 1164 (Newman): OPPOSE

SB 1164 deprives local governments of essential revenues generated from the proper assessment of accessory dwelling units (ADUs). This bill slashes vital revenues for the public services our communities rely upon, is not backed up by the numbers, harms schools, and unfairly benefits the wealthy—in short, SB 1164 is a solution in search of a problem. Specifically:

The property tax exemption created by this bill would **cut millions of dollars annually** from the operational budgets of local agencies, with a disproportionate impact on those agencies that rely heavily or almost entirely on property tax receipts **like fire protection districts, parks, and mosquito abatement districts**.

Legislative actions since 2016 have made significant policy changes that **dramatically boosted ADU production**. The disproportionate share of accessory dwelling units that have been permitted, but not yet built, demonstrates that bills to increase demand for ADUs like SB 1164 are **not needed** because demand for ADUs already exceeds supply.

This bill will also have a **substantial impact on schools and the General Fund**. Reductions in property tax revenues diminish allocations to schools by **reducing Proposition 98 funding and increases pressure on the General Fund**. With a \$27.6 billion deficit, **California cannot afford to increase costs**.

SB 1164 **disproportionately benefits those who already own a home and can afford to build an ADU**. On average, owners of ADUs are more affluent than homeowners without an ADU, and they are significantly wealthier than those who do not own a home.

Local governments support the goal of increasing housing production, however, we can **ill-afford any additional erosion of local tax revenues** in the short or long term. **The negative fiscal impacts of this measure would be borne by schools and local governments**, depriving communities of revenue needed to maintain and improve quality of life.

Vote No on SB 1164