

May 18, 2026

## **Publican's Posting: Ad Valorem Taxes, City of Oakland Bond Rates, and Measure E**

### **Ad Valorem Taxes**

I have written in previous blogs about various entries on our tax bills. I have emphasized the rise in Fixed Charges/Special Assessments, which appear in the upper right-hand corner of the tax bill and have increased since Proposition 13 was passed nearly 50 years ago. I haven't talked much about the entries in the left-middle-portion of the bill, called "Tax Rate Breakdown," which list the various taxing agencies, tax rates, and the "Ad Valorem Tax." As I have explained in prior posts, the essential difference between these is that the ad valorem tax is based on the properties' assessed value, as determined by the assessor each year. The Fixed Charges/Special Assessments are based on other criteria that can vary, such as square footage, frontage length, flat per parcel, etc. But the Ad Valorem Tax is only based on that one important criterion: Assessed Value.

### **City of Oakland Bonds**

For City of Oakland taxpayers, there are currently 6 Ad Valorem Tax Items. The names on the bill are: "County GO Bond," "City of Oakland 1," "School Unified," "School Comm Coll," "Bay Area Rapid Transit," and "East Bay Regional Parks." The total percentage of these 6 in 2025-26 was .2779%. For example, if your home was assessed at \$500,000, you would have paid \$1,389.50 for those 6 items. That rate and dollar amount don't include the 1% county wide tax, which is also based on the assessed value. Thus, for an Oakland resident, the total ad valorem rate was 1% plus .2779%, or 1.2779%. Everyone pays the same rate, but because their assessed values differ, the amount will vary.

How do bond rates get determined? Each year, the finance department of each issuing agency determines the rates by examining the assessed value and the amount owed on the Bonds. Let's take a closer look at the "City of Oakland 1" charges. The City of Oakland's finance office reviews the expenses for all its bond measures and prepares a report for a vote of the City Council every August; the rates must be submitted to the County Auditor-Controller by August 31st of each year and will appear on your tax bill for 2026-27.

This item on your tax bill is actually not one specific bond, but a combination of a number of bonds and one specific ad valorem tax. In 2023-24, it contained 11 different items; in 2025-26, it contained 16 different items (new bond measures were passed in 2025). These bonds go under the names "Measure D," "Measure KK," "Measure U," and finally the Pension Override Tax for the Police and Fire Retirement System. There is no breakdown on the tax bill for the (now 16) components; one would have to access the City of Oakland's Finance Department Report at <https://oakland.legistar.com/Legislation.aspx>. Last August's report can be found by searching for File # AR2025-003, dated 8/14/2025.

Note that bond rates generally don't change much. Let's look at a ten-year period, from 2014-5 to 2023-4. In that first year, the rate for the City of Oakland 1 bonds was .2042%; in the 2023-24 year, it was .2035%. Over those ten years, the rate fluctuated very slightly, rising or falling by an average of only 0.0005%. But the next year, 2024-25, the rate for the City of Oakland 1 item was .1145%. This was a drop of 0.089%, which was 178 times the 10-year average. Why was that?

### **Pension Tax Override**

The Pension Tax Override is by far the largest component of the "City of Oakland 1" item on your tax bill. This tax was approved in 1981 (Measure R) to pay for the \$300 million underfunding of the old Police and Fire Retirement System (PFRS) debt and has been refinanced through Pension Obligation Bonds (POBs) in 1985, 1997, 2001, and 2012. The rate, which has generally been approximately 0.1575% (consulting actuaries help determine this), dropped by 50% to .0705% in the year 2024-25. This explains the large drop in the rate last year; this year, the rate remained the same. The City of Oakland finance officer does not know what rate will be charged next year; however, the City Administrator, in a report from last October, estimated it might be 0.0044%.

A bond payment that has lasted 45 years is now nearly over.

How much of a reduction will that be for taxpayers? First, it depends on when you want to start counting; second, it depends on your home's assessed value; and third, it depends on what tax, if any, will be charged on next year's Pension Override Tax. Let's assume that the assessed value of your home is \$450,000 (for all years). (I chose that number because it represents the approximate median assessed value for all single-family residences in the City of Oakland). Let's also assume that in 2023-24, the rate on the Pension Tax was .1575%, so you paid \$708.75. The next year, in 2024-25, when the rate dropped to .0705%, you paid \$317.25. This year (2025-26), the rate remained the same. For next year (2026-27), if the rate is 0.0044% (and we don't know that for sure yet), then you will pay \$19.80. You can apply these rates to your own assessed value and calculate what this tax has cost you in the previous years and a projection for next year.

### **Measure E**

There is a new proposed measure for City of Oakland taxpayers called Measure E. This measure will impose a flat parcel tax of \$192. Every residential parcel will pay **the** same amount. Remember that a parcel tax is not based on the assessed value; it is not an Ad Valorem tax. It will be a type of Fixed Charge/Special Assessment.

I was asked by a taxpayer whether I could estimate the percentage of single-family homes in the City of Oakland that would receive more than \$192 in ad valorem rate reduction (in other words, how many would pay less), and I think I can do that. However, see the caveat below about linking these two taxes in this way.

Deciding where to start this analysis requires a decision. I am starting at this year's Pension Tax rate of 0.0705%. Some might argue for starting at the old rate of 0.1575%, but I won't do that. Let's use a rounded rate of 0.0700% for the new Pension Tax, since the reduction likely won't fully eliminate the tax. To determine what assessed value is equivalent to \$192 at the new rate, we divide \$192 by 0.0700% to get \$274,286, rounded to \$275,000.

Second, let's assume that we are doing this analysis for taxpayers who live in their homes as their principal residence; in other words, not landlords. This can be done by looking at all the parcels for which the owners have filed a homeowner exemption. The assessor's office believes many people who would qualify for this exemption have not filed, but there is no way to estimate that number, so we won't try.

There are approximately 52,000 homeowner exemptions in the City of Oakland, in single-family residential homes, condominiums, duplexes, townhouses, etc. Of those, approximately 36,700 have an assessed value of \$275,000 or more. What this means is that approximately 70% of taxpayer-homeowners in the City of Oakland, who would pay \$192 for the new parcel tax, would pay less than they had paid under an ad valorem tax at the rate of 0.0700 (close to what was charged this past year) by the Pension Override Tax.

This analysis is consistent with the October staff report referenced above, which concluded that approximately 63% of single-family homes would pay less under the new parcel tax. To see that report, use the Oakland Legistar system, and request File # 26-0099.

[NOTE: Dan Lindheim, a professor at the Goldman School and former Oakland City Manager, advises that "every finance-related report goes to Finance Committee. Rather than searching by topic (often poorly indexed), one can just search by committee/year." I have found if you don't know the file number, it can be difficult to find things.]

### **Is the Pension Override Tax Linked to Measure E?**

No, these taxes operate independently of each other. Oakland taxpayers pay ad valorem taxes, including the County's 1% share, as well as all special assessments and fixed charges. There are many other factors likely to increase taxes: rising assessed values, cost-of-living adjustments for various special assessments/fixed charges, and other potential new taxes on the ballot besides Measure E.

The Oakland City Auditor, Michael Houston, has produced his own report describing the financial impacts of Measure E on its own. See this link: <https://www.oaklandauditor.com/wp-content/uploads/2026/05/Oakland-Public-Safety-Cleanliness-and-Community-Accountability-Act-2026-City-Auditor-Analysis.pdf>.

Thanks for paying attention!!