Real Property Assessments

The California Constitution requires that all property be taxed, unless otherwise exempted under the California Constitution or United States Constitution. Article XIII-A of the California Constitution requires that real property be reappraised only when such property undergoes a change in ownership or has new construction (per Proposition 13).

The assessment roll, and tax bills, show land values and improvement values. "Improvements" include buildings or anything of a structural nature (such as swimming pools, paving, etc.). When you have an "improvement" value, it doesn't usually mean that you have recently "improved" your property.

Proposition 13

Proposition 13, passed by the voters in June 1978, substantially changed the taxation of real property in California. As a result of the Constitutional Amendment:

- The general tax levy for all agencies cannot exceed 1% of the property's assessed value, except for additional taxes for bonded indebtedness. In addition, agencies may levy direct assessment taxes to pay for services such as lighting maintenance, weed abatement, etc. The average tax rate is approximately 1.25%

- Real property is reappraised only when:

  1. Change in ownership occurs; or
  2. New construction is completed; or
  3. New construction is partially completed on the lien date (January 1); or
  4. A decline in value (from proposition 8) *

* Except for these four instances, real property assessments cannot be increased by more than 2% annually, regardless of the rate of inflation.

Change in Ownership Reappraisals

When a publicly recorded transfer occurs, the Assessor generally receives a copy of the deed and determines whether a reappraisal is required under State Law. If it is required, an appraisal is made to determine the new market value of the property. The property owner is then notified of the new assessment. The property owner has the right to appeal the value, if he/she does not agree with it.

The transfer of property between husband and wife does not cause a reappraisal for property tax purposes. This includes transfers resulting from divorce or death. Also, the addition of joint tenants, whether related or not, does not result in reappraisal. There are other exclusions, which are discussed later in this brochure.

New Construction Appraisals

Copies of building permits are sent to the Assessor's Office by the cities and County. New buildings, additions, and other structures require an appraisal. Structural repairs, replacement, or maintenance are not appraisable in most situations.

We appraise new construction and add it to the existing land or improvement assessed value. Thereafter the new assessed value does not change except for the annual 2% trend. The property owner is notified of the new assessment and has the right to appeal the value if he/she disagrees with it.

Supplemental Assessments - SB 813

State law requires the Assessor to reappraise property upon change in ownership or completion of new construction. The supplemental assessment reflects the difference between the new value and the old value. The Auditor-Controller calculates the supplemental property tax, and prorates it based upon the number of months remaining in the fiscal year in which the event occurred. The fiscal year runs from July 1 through June 30.

A change in ownership or new construction completion which occurs between January 1 and May 31 results in two supplemental assessments and two supplemental tax bills. The first supplemental bill is for the remainder of the fiscal year in which the event occurred. The second supplemental bill is for the subsequent fiscal year.

Notices of Assessed Value Change are mailed to property owners before supplemental tax bills are issued.

Remember that supplemental tax bills are in addition to the regular annual tax bills. Supplemental bills go directly to the property owner, and not to an impound account; where one might exist.

Source: Los Angeles County Assessor

Typical Questions

Q What good is Prop 13 to me, I'm not covered!

A Every owner of property in the state is covered. Proposition 13 is Article XIII A of the California Constitution.

Q Then how come I'm paying more in property taxes than some of my neighbors who have similar houses?

A Under Prop13 you determine how much your property taxes will be. Your taxes are not based on your neighbors', but are based on the price you voluntarily agreed to pay for your new home.

Q We all get the same services, but I pay more. How can this be fair?

A In California, just like other states, services have never been related to the amount you pay in property tax. If services were tied to what you paid, you might see four fire trucks assigned to a costly home while only one would protect a less expensive residence. In fact, property taxes are not allocated for specific services. They go into the general fund along with other taxes and it is local public officials who determine how the money will be spent.

Q Well, it still seems like I'm paying to much. Don't you agree?

A We all feel that way, but in fact, thanks to Prop 13, the tax rate for all Californians is only a third of what it was. If you think things are bad now, multiply your tax bills by three and see what you get.

Q That's easy for you to say, you're still paying less than I am.

A That may be true, but we've been paying for years. It's the neighbors that were here ahead of you that paid for all these local improvements you now enjoy.