

PROPERTY TAX REASSESSMENT IN CALIFORNIA

Most California property owners do not pay taxes based on market value. Under Prop. 13, property is only assessed at market value when it changes ownership and when the market value drops below the Prop. 13 value. Market value is what the property would sell for in an open market transaction on January 1 (lien date) each year. County Assessors are proactive in performing property reviews each year.

If you feel your property is Assessed too high, property owners may submit a Request for Informal Assessment Review with information supporting their request for a lower assessed value between January 1 and April 30 each year with their local County Assessor.

What May Cause a Reassessment

- Transfer of Ownership upon Sale of Property
- New construction, remodel, and additions that adds value is generally assessable and may increase the taxable value of your property
- If property is transferred from an individual to a legal entity, or between two legal entities, like an LLC. Exclusions may apply.
- Friends or family transfer that is not to a child for a primary residence. This includes gifts, inheritances, or addition or deletion of an owner. Exclusions may apply.

What May Not Cause a Reassessment

- Deed or Quitclaim Deed adding a Spouse or family member to the Title.
- Deed transferring into a Trust wherein the Grantor and Grantee are the same person(s).
- Transfers upon the death of a spouse and transfers pursuant to a divorce settlement or court order.
- Transfers that create a joint tenancy in which the transferor remains as one of the joint tenants.
- Normal maintenance, repair or replacement of existing structures or roof.
- Basic remodeling work is generally not assessable unless it adds new square footage to an improvement.

Proposition 19:

In November 2020, California voters passed Proposition 19, which made changes to property tax benefits for families, seniors, severely disabled persons, and victims of natural disasters. These changes became effective in February and April 2021, depending on the component of the measure.

Natural Disaster:

If a major calamity, such as fire or flooding, damages or destroys your property, you may be eligible for property tax relief. In such cases, the Assessor's office will reappraise the property to reflect its damaged condition. In addition, when you rebuild it in a like or similar manner, the property will retain its previous value for tax purposes. To qualify for property tax relief, you must file an Application for Reassessment (ACR 702) with the Assessor's office within 12 months from the date the property was damaged or destroyed. In addition, the loss must exceed \$10,000.

Homeowner Exemption:

If you are an Owner-Occupied Property owner, be sure to file a Homeowners Exemption and save \$7,000 off of your Assessed Property Value. With an approximate 1% property tax rate, the exemption provides roughly a \$70 annual saving off your property taxes.

Visit your local County Assessors website for required forms and detailed information on Real Property Assessments.



CHICAGO TITLE