



Supplemental Tax

IF YOU BUY OR COMPLETE NEW CONSTRUCTION BETWEEN January 1st and May 31st *

You will be responsible for:

1. Your portion of the ANNUAL TAX BILL for the current fiscal year (July 1 - June 30) reflecting prior assessed value.
2. 1st Supplemental Tax Bill for the remainder of the current fiscal year, reflecting the difference between the new and prior assessed values.
3. You will receive the Annual Tax bill for the upcoming year reflecting the original value of the January 1 annual assessment.
4. The 2nd Supplemental Tax Bill for the entire upcoming fiscal year as a lien for the coming Fiscal Tax Year, reflecting the difference between the new and prior assessed values.

* PROPERTY is reassessed each JANUARY 1 for the upcoming fiscal year - JULY 1 to JUNE 30 Taxes on the increase in assessed property value are calculated as of the first day of the month following the date of ownership change or construction completion.

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What Buyers Should Know

THE BASICS

Since 1983, State law requires the reassessment of property as of the first day of the month following an ownership change or the completion of new construction. In most cases, reassessment results in one or possibly two supplemental tax bills being sent to the property owner in addition to the annual property tax bill.

DEFINING THE TERMS

Typically, new construction is any substantial addition to real property (for example, adding a room, pool or garage) or any substantial alteration which restores a building, room or other improvement to the equivalent of new, such as updating a kitchen.

Most changes in ownership trigger a reassessment of property. However, interspousal transposal transfers, the transfer, sale or inheritance of property between parents and their children, and the addition of joint tenants do not result in the reappraisal of property values.

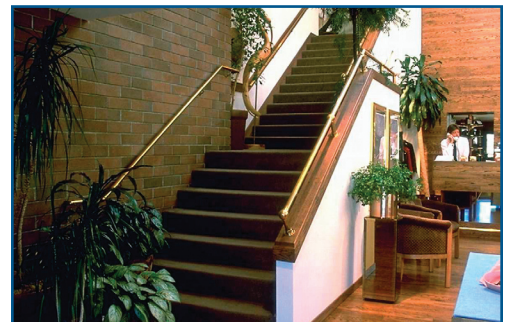
Additionally, homeowners age 55 and over who sell their principal residence and purchase a replacement dwelling within two years that is of equal or lesser market value may be able to transfer the pre-sale assessed value of their original property to the replacement dwelling. Proposition 60 allows for this lower property tax transfer to replacement property located within the same county as the original residence. Seniors may also apply to transfer their lower assessed value to property located in one of the dozen California counties that have enacted Proposition 90. The procedure for Prop 60/90 transfers is exact. Please contact the tax assessor for forms and additional information.

THE PROCESS THAT GENERATES A SUPPLEMENTAL TAX BILL

The Assessor determines the new value of the property based on current market values. The Assessor then calculates the difference between the new value (set at the time of purchase or completion of new construction) and the old value (set on January 1 of the previous fiscal year). The result is the supplemental assessment value and the Assessor will send you notification of the amount.

EXAMPLE

NEW VALUE Date of purchase or completion of new construction	\$120,000
ASSESSED VALUE Current fiscal year	\$100,000
SUPPLEMENTAL ASSESSMENT VALUE	\$20,000



This material is general information only and is not legal advice or investment information. The information herein may not represent your situation and should not be relied upon. Every transaction and tax bill is unique. Consult your attorney or tax planner for further advice.





Supplemental Tax

IF YOU BUY OR COMPLETE NEW CONSTRUCTION BETWEEN July 1st and December 31st

1. You will be responsible for your portion of the Annual Tax Bill for the current fiscal year, reflecting the prior assessed value.
2. Supplemental Tax Bill for the remainder of the current fiscal year, reflecting the difference between new and prior assessed values.
3. For the upcoming fiscal year's Annual Tax Bill, reflecting the new assessed value.

NOTE

There are sometimes delays in placing supplemental assessments on the tax rolls. Thus, the increase in assessed value might not be placed on the tax roll until after January 1, in which case you will receive a second supplemental tax bill.

REASSESSMENT USUALLY RESULTS IN AN INCREASE IN PROPERTY VALUE.

Supplemental taxes will be calculated by the Auditor-Controller based on the change in value, and one or possibly two supplemental tax bills will be created and mailed to you by the Tax Collector. However, in some instances the reassessment results in a reduction in value, in which case a refund will be prepared by the Auditor-Controller and mailed to you. A reduction in value will not reduce the amount due on the annual tax bill which must be paid in full.

YOU MAY APPEAL THE VALUATION

If you disagree with the Assessor's value, first discuss your opinions with the Assessor's Office. If the Assessor's Office is unable to satisfy you, you have the right to file an appeal with the Assessment Appeals Board. An Assessment Appeals Board or Hearing Officer will consider all evidence you present and determine the value of your property. Applications of appeal must be filed within 60 days of the mailing date shown on the bill. You should still pay your tax installments in full by the appropriate deadlines; otherwise, you may incur penalties while the case is in appeals. If your appeal is granted, a refund will be issued to you. Appeals on regular assessments must be filed between July 2 and September 15.

REMEMBER

The supplemental tax bill is sent in addition to the annual tax bill and both must be paid as specified on the bill. If you have established an impound account for your property taxes, you will receive the supplemental tax bill. Unlike the annual tax bill, lending agencies do not receive a copy. When you receive a supplemental tax bill, you must contact the lender to determine how you will pay the amount. You need to determine if sufficient funds were deposited in your impound account to cover the supplemental tax payments. The bill may be paid in two installments and provides payment stubs which show the amount due and the date that the amount must be paid to avoid penalties for late payment.

SHORT TERM INVESTMENT

If you purchase property and resell within a short period of time, the supplemental tax bill you receive should cover only those months you owned the property and the new owner should receive a separate supplemental tax bill. If you receive an incorrect bill, contact the County Assessor's Office.

