SUPPLEMENTAL PROPERTY TAXES

They have been with us since July of 1983, but you and your neighbors still may not know what they are, what they do, and how they affect you and your property. To help you better understand this confusing subject, the California Land Title Association has answered some of the questions most commonly asked about supplemental real property taxes.

Q. When did this tax come into effect?
A. The Supplemental Real Property Tax Law was signed by the Governor in July of 1983 and is part of an ambitious drive to aid California's schools. This property tax revision is expected to produce over $300 million per year in revenue for schools.

Q. How will Supplemental Property Taxes affect me?
A. If you don't plan on buying new property or undertaking new construction, this new tax will not affect you at all. But, if you do wish to do either of the two, you will be required to pay a supplemental property tax which will become a lien against your property as of the date of ownership change or the date of completion of new construction.

Q. When and how will I be billed?
A. "When" is not easy to predict. You could be billed in as few as three weeks, or it could take over six months. "When" will depend on the individual county and the workload of the County Assessor, the County Controller/Auditor and the County Tax Collector. The assessor will appraise your property and advise you of the new supplemental assessment amount. The supplemental assessment represents the difference betweenn the property's "new base year value" and its existing taxable value. At that time you will have the opportunity to discuss your valuation, apply for a Homeowner's Exemption and be informed of your right to file an Assessment Appeal. The County will then calculate the amount of the supplemental tax and the tax collector will mail you a supplemental tax bill. If the change in ownership or completion of new construction occurred between January 1 and May 31, two supplements assessments are issued: one for the difference between the new base year value and the taxable value appearing on the current assessment roll, and another for the difference between the new base year and the taxable value that will appear on the assessment roll being prepared. The supplemental tax bill will identify, among other things, the following information: the amount of the supplemental tax and the date on which the taxes will become delinquent.

Q. Can I pay my Supplemental Tax Bill in installments?
A. All supplemental taxes on the secured roll are payable in two equal installments. The taxes are due on the date the bill is mailed and are delinquent on specified dates depending on the month the bill is mailed as follows:

(1) If the bill is mailed within the months of July through October, the first installment shall become delinquent on December 10 of the same year. The second installment shall become delinquent on April 10 of the next year.

(2) If the bill is mailed within the months of November through June, the first installment shall become delinquent on the last day of the month following the month in which the bill is mailed. The second installment shall become delinquent on the last day of the fourth calendar month following the date the first installment is delinquent.

Q. How will the amount of my bill be determined?
A. There is a formula used to determine your tax bill. As shown in the example below, a supplemental assessment represents the difference between the "new base year value" and its existing taxable value. The total supplemental assessment will be prorated based on the number of months remaining until the end of the tax year, June 30. An example of the formula of the assessment is as follows:

Roll Year & Sequence 2013010

	New Assessed Value	**Prior Assessed Value**	**Net Supplemental Assessment**
Land	$510,000	$44,379	$465,621
Improvements	$220,000	$49,379	$170,621
Taxable Value	$730,000	$93,758	$636,242
Exemptions			
Homeowners	$7,000	$7,000	$0
Other	$0	$0	$0
Net Total			$636,242

Q. Can you give me an idea of how the proration factor works?
A. The supplemental tax becomes effective on the first day of the month following the month in which the change of ownership or completion of new construction actually occurred. If the effective date is July 1, then there will be no supplemental assessment on the current tax roll and the entire supplemental assessment will be made to the tax roll being prepared which will then reflect the full cash value. In the event the effective date is not on July 1, then the table of factors represented on the following panel is used to compute the supplemental assessment on the current tax roll.

Effective Date:	**Proration Factor:**	**Effective Date:**	**Proration Factor:**
August 1	.92	February 1	.42
September 1	.83	March 1	.33
October 1	.75	April 1	.25
November 1	.67	May 1	.17
December 1	.58	June 1	.08
January 1	.50		

EXAMPLE:
The County Auditor finds that the supplemental property taxes on your new home would be $1,000 for a full year. The change of ownership took place on September 15 with the effective date being October 1: the supplemental property taxes would, therefore, be subject to a proration factor of .75 and your supplemental tax would be $750.

Q. Will my supplemental taxes be prorated in escrow?
A. No, unlike your ordinary annual taxes, the supplemental tax is a one time tax which dates from the date you take ownership of your property or complete the construction until the end of the tax year on June 30. The obligation for this tax is entirely that of the property owner.

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