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## **Your Property Tax Bill May Be Going Up More than the Normal 2 Percent**

**Sacramento** – Some California homeowners may receive a much larger property tax bill than they anticipated this year. Homeowners who saw lower tax bills during the recent decline in housing values may receive higher property tax bills as property values recover.

Why is this happening? When housing prices rise, Proposition 13 allows a maximum 2 percent annual increase in the property's taxable value for inflation. This value is known as the "factored Proposition 13 value." When housing prices decline, [Proposition 8](#) allows a *temporary* reduction of the property's taxable value to reflect the current market value. Because a Proposition 8 reduction is only temporary, it requires the taxable value to be reviewed annually and increased, or decreased, to reflect that year's current market value (as of January 1 each year). Thus, when the housing market crashed, Proposition 8 enabled some homeowners to receive significant temporary assessment reductions resulting in lower tax bills. As housing prices increase, however, a home's taxable value that had been lowered by the assessor under Proposition 8 may increase more than 2 percent if its market value increased more than 2 percent. The increased value, however, may not exceed the factored Proposition 13 value.

For example, a taxpayer purchased a home in 2006 for \$500,000. In 2013, the factored Proposition 13 value would be about \$544,000 (\$500,000 increased by an inflation factor that cannot exceed 2 percent each year). If the market value of that property was \$450,000, the assessor would temporarily enroll the lower value for property tax purposes pursuant to Proposition 8. In 2014, if the market value of the property recovers to \$540,000, the market value will be enrolled because it was lower than the factored Proposition 13 value. While the 2014 taxable value exceeds the previous year's taxable value by more than two percent, it reflects the current market value and does not exceed the Proposition 13 limits. In following years, the market value of the property will again be determined and compared to the factored Proposition 13 value and the lower value will be enrolled.

What does this mean? Homes that saw large assessment decreases in prior years may see a similar assessment increase this year translating into higher tax bills.

Taxpayers who think their assessed values are too high this year may contact the assessor of the county where the property is located. The assessor can explain the property's assessed value, answer any questions about the assessment, and review any additional pertinent information provided. (While working with the assessor, the taxpayer should be mindful of the deadline to file an assessment appeal.) If the taxpayer and assessor can't reach an agreement, taxpayers have the right to appeal the assessment to the assessment appeals board or the board of equalization in the county where the property is located.

To appeal an assessment, one must file an Application for Changed Assessment with the [clerk of the board of supervisors or clerk of the assessment appeal board in which the property is located](#). That form may be found on the clerk of the appeal board's or [assessor's](#) website. The deadline to file an appeal [varies by county](#), and ends either September 15 or November 30 (for 2014 the deadline is December 1 because November 30 falls on a Sunday). Appeal filing deadlines may be accessed at:

[www.boe.ca.gov/proptaxes/pdf/filingperiods.pdf](http://www.boe.ca.gov/proptaxes/pdf/filingperiods.pdf). Appeal board clerks' and assessors' websites may be accessed at: [www.boe.ca.gov/proptaxes/proptax.htm](http://www.boe.ca.gov/proptaxes/proptax.htm).

The California State Board of Equalization (BOE) prescribes property tax rules, instructs local agencies on how to handle property tax appeals, and seeks to make the process easy for taxpayers to navigate. A series of [videos](#) explains the process of appealing a property tax assessment.

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The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit [www.taxes.ca.gov](http://www.taxes.ca.gov).

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