

## Ways You Can Avoid Paying Excess Property Taxes

By Kenneth D. Stieger

As Sacramento County's elected Assessor, I find that most property owners seem to enjoy a basic understanding of how Proposition 13 works, but many seem less aware of other laws that might affect their property tax obligation. Apart from Proposition 13, numerous tax laws have been enacted over the last thirty years, and I would like to tell you about several that might help you avoid paying excessive or unnecessary property taxes.

**Proposition 8, Declines in Market Value**, is one of the most beneficial laws where keeping property taxes to a minimum is concerned. If the current market value of your property falls below its Proposition 13 factored base value for any reason, this important law allows me to enroll that lower market value for you on the lien date (January 1) each year.

The law also allows me to correct the current assessment roll for overlooked properties, where Proposition 8 should have been applied, even after the normal assessment appeal filing period (July 2-September 15) has expired, providing we become aware of the oversight before July 1 of the following year.

If you can demonstrate that on January 1, the market value of your property was less than its current assessed value for any reason, then you should immediately write a letter or call my office at (916) 874-5231 and request a "Proposition 8 Review Form."

Over the last ten years, as much as 30 percent of Sacramento County's 385,000 parcels fell under Proposition 8 due to the real estate recession we experienced beginning about 1990. In fact, roughly 85,000 are still being assessed under Proposition 8, although this number is declining rapidly as the market strengthens.

Please also be aware that as the market recovers, properties currently assessed under Proposition 8 may experience value increases greater than 2 percent a year. However, when a property's market value again equals or exceeds its Proposition 13 factored value, increases above 2 percent will stop; and your property's assessed value will be restored to its Proposition 13 factored base year value.

**Proposition 60, Base Year Transfer**, is an overlooked area of the law which has the potential to save you a great deal of money. If you or your spouse is 55 years or older or are severely disabled and replace your residence with another home in Sacramento County, you may be able to transfer your Proposition 13 base value from the old residence to the new. To do so you must file an application with my office and meet several other requirements. The market value of your replacement home must be equal to or less than the market value of your prior residence and must be purchased or constructed within two years (before or after) the sale of the old residence. To take advantage of this benefit, you must file an application within three years of the acquisition of the replacement residence. To obtain an application, call my office at (916) 874-5899.

**Proposition 90, Base Year Transfer**, is virtually identical to Proposition 60 except that it allows you to transfer base year values between different counties if the county of your new home has adopted an ordinance allowing such transfers. You cannot transfer a base year from another county to Sacramento County; but as of March, 2000, you can transfer your Sacramento base year value to the counties of Alameda, Kern, Los Angeles, Modoc, Monterey, Orange, San Diego, San Mateo, Santa Clara, and Ventura.

**Propositions 58 and 193, Change in Ownership Exclusions**, are two laws that can also help you avoid paying excess taxes by preventing the reassessment of property that transfers between certain family members and under certain conditions. Proposition 58 provides an exclusion where property is transferred or sold between parent and child (either direction), and Proposition 193 provides for an exclusion where property transfers from grandparent to grandchild (but only in that direction) if both parents of the grandchild are deceased. A principal residence and other property up to \$1,000,000 in assessed value may transfer without a reappraisal if the new owner qualifies and a proper application has been filed. You must file an application within three years of the transfer date for the exclusion to be retroactive to that date. If you still own the property, applications may be filed after the three-year period has expired; but the

exclusion can only be granted from the year of application forward. To obtain an application for either exclusion, call (916) 874-5899.

**The State of California (not the Assessor) has developed two Property Tax Assistance programs that may also help minimize your property tax obligation. They are:**

**Homeowner Assistance Program:** If you are blind, disabled, or at least 62 years old and have a total annual household income of \$13,200 or less, you may qualify for the program. It provides for a cash reimbursement of a portion of the property taxes on your home. The filing period for this program runs from about May 15 through August 31. For an application, call the **State Franchise Tax Board** at (800) 852-5711, or visit their website at [www.ftb.ca.gov/geninfo/hra/index.htm](http://www.ftb.ca.gov/geninfo/hra/index.htm).

**Property Tax Postponement Program:** If you are blind, disabled, or at least 62 years old and have a total annual household income of \$24,000 or less, you may qualify to participate in the Property Tax Postponement program. The postponed taxes are a lien on the home and become due (with interest) upon moving, the sale of the home, or death. The filing period for this program is from about May 15 through December 10. For an application, call the **State Controller's Office** at (800) 952-5661, or visit their website at [www.sco.ca.gov/col/taxinfo/](http://www.sco.ca.gov/col/taxinfo/).

**It is always best to file any of the above-mentioned applications at the time of the transaction or as early as you possibly can. This not only helps ensure your timely receipt of the benefit, but it also helps ensure the most efficient use of your tax dollar by helping the Assessor and other agencies avoid excessive administrative costs.**

If you have any questions about these laws or would like additional information, call (916) 874-5231, or visit the Sacramento County Assessor's web site at [www.co.sacramento.ca.us/assessor/](http://www.co.sacramento.ca.us/assessor/).

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