



May 24, 2002

FOR IMMEDIATE RELEASE

**PREVIOUSLY LOWERED ASSESSMENTS AGAIN ON THE RISE IN 2002**

Assessor Ken Stieger has announced that the assessed values of what are known as "**Proposition 8**" properties will again be on the increase in the coming tax year. These increases are the result of continuing improvement in Sacramento's real estate market.

- **What is a "Proposition 8" Property?** The Assessor must annually enroll either a property's Proposition 13 value (factored for inflation by no more than 2% annually), or its current market value on the Lien Date (January 1), whichever is less. When current market value falls below Proposition 13 value, that lower value is commonly referred to as a "Proposition 8 Value."
- **Why Are Proposition 8 Assessed Values Being Increased?** The law requires annual review of all Proposition 8 properties and appropriate adjustments made to reflect either current market value on the Lien Date (January 1), or Proposition 13 value, whichever is lower. Beginning in 1992, the Assessor began actively lowering assessed values below their Proposition 13 values in order to reflect the steady declines evident in the real estate recession that lasted until 1997. Since 1997, there has been a notable resurgence in the real estate market and property values in general have been on a steady increase as a result. While at one point some 130,000 of the county's 390,000 parcels were assessed under Proposition 8, this year that number will fall to about **7,000** parcels.
- Once a property falls under Proposition 8, its assessment will go up or down each year in tandem with its market value. That process continues indefinitely unless and until its market value exceeds its Proposition 13 factored value. When the Assessor discovers that market value is greater than Proposition 13 factored value, the Assessor must reinstate the lower Proposition 13 factored value. **In no case may the Assessor enroll a value greater than a property's Proposition 13 factored value.**
- **How Big Will the Increases Be?** Most increases for Proposition 8 properties this year will range between **5% and 40%**, with the majority falling between **15% and 25%**, but in no case will the increase result in an assessment greater than that allowed under Proposition 13.
- **How Can These Increases Exceed The 2% Maximum Specified In Proposition 13?** Although the Constitution restricts annual inflation factoring of Prop 13 values to no more than 2%, that restriction does not apply to Proposition 8 assessments. For Prop 8, market value must be enrolled each lien date (January 1), regardless of the percentage of increase or decrease (with a property's Proposition 13 factored value being the maximum possible).
- **When Will The Increase Take Effect?** The coming increases will be effective for the **2002-2003** Tax Year and will first appear on the annual property tax bill (or bill copy) each property owner will receive in October of this year.

**NOTE: The Assessor' Office is Moving to 3701 Power Inn Road (3d Floor), in September, 2002**

