



**STATE BOARD OF EQUALIZATION
ASSESSMENT STANDARDS DIVISION**

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No. 93/71

November 24, 1993

TO COUNTY ASSESSORS:

DECLINES IN VALUE: NOTIFICATION OF AMOUNT OF ASSESSMENT

We have previously recommended that assessors place priority on recognizing and processing declines in value under Proposition 8 (see Letters to Assessors Numbers 92/24 and 92/63). A related issue, not previously addressed, involves the value notification requirements for properties that have received such treatment.

Revenue and Taxation Code Section 619 requires the assessor to notify each assessee of real property on the local secured roll, whose assessed value has increased from the prior year, of the new value to appear on the completed local roll.¹ This requirement does not apply to the annual adjustments for inflation allowed under Article XIII A of the California Constitution.

Once a decline in value has been processed, in subsequent years the assessed value of the property will follow its market value until the market rises above the factored base year value. Under Section 619, after a decline in value has been processed, a notice must be sent each year the value increases. A notice should also be sent when the factored base year value is re-enrolled following a Proposition 8 reduction. Here are some examples.

EXAMPLE 1

A property was purchased in 1990 for \$500,000. The appraiser determined that the purchase price was representative of market value, and the new base year value was established accordingly. By March 1, 1992, the property's market value had decreased, falling below the factored base year value. A decline in value was processed at \$300,000 for 1992. In 1993 the market value increased but was still less than the factored base year value on the lien date. The assessor enrolled \$400,000 for March 1, 1993. Notice must be given of the increase from \$300,000 to \$400,000.

¹Alternatively, Section 619 allows the assessor to either (1) inform all assessees of real property on the local secured roll or (2) inform all assessees of real property on the local secured roll and all assessees on the unsecured roll, of their assessed values.

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EXAMPLE 2

A property was purchased in 1989 for \$400,000. By 1992, the property's market value had declined below the factored base year value. The assessor processed a decline in value, enrolling \$350,000 for March 1, 1992. However, the market value increased to \$450,000 for 1993. Thus the assessor enrolled the factored base year value of \$424,483 for March 1, 1993. The assessee must be informed of the increase from \$350,000 to \$424,483.

Under Sections 619 and 621, notification must be made in one of two ways. The assessor must either mail the notices by United States mail or, with the approval of the board of supervisors, publish in newspapers lists of the assessments. For Orange and Los Angeles Counties, the assessor may divide the county into a maximum of five publication areas. The complete assessment data of one such area may be printed in one year, and for other areas in successive years as directed by the assessor until the full county is covered.

The consequences of the failure to notify the assessee are covered under Sections 620 and 1603. Section 1603 states that if the taxpayer does not receive the notice of assessment described in Section 619 prior to September 1, the taxpayer may file an application within 60 days of receipt of the notice of assessment or within 60 days of the mailing of the tax bill, whichever is earlier. Thus, if an assessee is not properly notified of an increase, the assessee has the right to appeal outside the normal period.

Section 620 states that if the assessor does not send a notice pursuant to Section 619 or Section 621 to an assessee of real property on the local secured roll whose property's full value has increased, the assessee may pay the taxes under protest. If the assessee chooses to do this, protests shall be made by filing with the tax collector, together with the payment of the taxes or their first installment, a petition for assessment reduction on the form prescribed by the county board.

If you have any questions on the contents of this letter, please call our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:kmc