

## **Proposition 8 Decline In Market Value**

Proposition 8, passed by voters in November 1978, enables the Assessor to reflect declines in property values. It added Section 51 of the Revenue and Taxation Code which allows the Assessor to temporarily lower the assessed value under certain conditions

The change (reduction or increase) must reflect the market value of the property on the lien date, January 1.

A reduction of the assessed value is determined by the analysis of sales of similar properties in your neighborhood. The analysis includes recent sales up to 90 days past the lien date as well as recent property listings. If you can provide sales data you believe would support a reduced assessed value, please include that information with your request for property value review.

Your change affects only the lien date value. Supplemental assessments are not included.

Any reduction under Proposition 8 to the assessed value is automatically reviewed annually as of the lien date to determine if market conditions indicate that the assessed value should be maintained, lowered further or increased. Unless there is a change in ownership or new construction, your assessment can never increase above the base

year value plus the appropriate annual cost of living increase allowed by Proposition 13.

If you do not agree with our opinion as to the market value on the lien date, you have the right to file a formal appeal with the Assessment Appeals Board. The filing period is from July 2 to November 30. The deadline for filing appeals for Proposition 8 reductions is November 30, or 60 days from the date of a notification of changed assessment. If real property is acquired after the lien date for the fiscal year and before July 1 and if the new owner did not receive the notification required by Section 619 the deadline is November 30. Applications are available by writing to the Clerk of the Assessment Appeals Board, 675 Texas Street, Fairfield, CA 94533 or by calling (707) 784-6126.

### **Questions & Answers**

**Q.** How do I request a review of the assessed value of my property?

**A.** To request a review you must submit the Proposition 8 form to the Assessor's Office. To obtain the form you may download it online at [www.solanocounty.com](http://www.solanocounty.com) or call/write the Assessor's Office. Be sure to include your parcel number and daytime telephone number on the form. If available, please include information such as comparable neighborhood sales that justify a reduction of your assessed value.

**Q.** Is the Assessor's Office prevented from restoring my value at a rate more than 2%

annually as provided for under Proposition 13?  
**A.** NO. Just as there is no limit to the amount of reduction, there is no limit to the amount being restored up to the protected Proposition 13 ceiling amount. That ceiling amount is determined by adding the appropriate annual cost of living increases as allowed by Proposition 13 to the base year value.

**Q.** Do I have to request a review under Proposition 8 annually?

**A.** NO. Once you have been granted a reduction under Proposition 8 your assessed value will be automatically reviewed by our office each lien date and you will be notified by mail of any change in the value.

**Q.** What should I do if I disagree with the Proposition 8 value place on my property?

**A.** Contact our office at (707) 784-6210 and request a review of the Proposition 8 value and provide us with documentation to show why you disagree. If we still disagree, you have the right to file a formal appeal where you will present your reasons supporting your opinion of value before the Appeals Board. The Appeals Board will then determine the value after considering all the facts.

**Q.** Is the reduction under Proposition 8 permanent?

**A.** Proposition 8 reductions are temporary as mandated by State Law. It is not the decision of the Assessor's Office.

## Examples of rising values

It is important to remember that Proposition 13 mandates that the assessed value be the lesser of the factored base year value (base year value plus appropriate annual cost of living increases) or market value as of the current lien date.

These examples assume a 2% inflation factor for all years concerned.

Property is purchased in August 1994 for \$200,000. In 1996 a reduction was made and the value is \$180,000.

On January 1, 2000 the market value of the property is now \$200,000. The factored base year value is  $\$200,000 \times 1.09282 = \$218,564$ . This factor was arrived at by compounding 2% over 5 years. Under Proposition 8 guidelines for the 2000 fiscal year, we would be required to raise your value to \$200,000, which is less than the factored base year value of \$218,564. Your value is still protected under Proposition 13 and would be reviewed again at the next lien date.

Using the same example as above but in this example your January 1, 2000 market value is now \$225,000. We would raise your value to \$218,564, which is the factored base year value, which is lower than the market value.

*Requested Material*

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**Proposition 8**

**R & T Section 51**

## **DECLINE IN PROPERTY VALUE**

### **Questions And Answers**



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