

ASSESSOR / RECORDER

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Assessment Roll Increases Countywide for Second Straight Year

Solano County Assessor/Recorder Marc Tonnesen announced today that the net assessment roll for properties in the county for fiscal year 2014/15 increased by \$3.127 billion over last year.

“This is the second year in the past six that the roll went up countywide,” Tonnesen said. “The recovering real estate market played the most significant role in the increase.”

As of the close of the roll, the assessed value of all assessable properties in Solano County was \$44.137 billion. This “net roll” – gross roll less exemptions – is used by local agencies as a starting point to calculate the distribution of property taxes.

The county's net roll consists of all assessable property discovered and valued by the county assessor less “exemptions.” It is separated into the “secured assessment roll” – generally land and improvements (such as structures) - and the “unsecured assessment roll” – primarily business/personal property (such as office equipment and machinery).

The recovering real estate market resulted in a decrease in the number of properties on Proposition 8 status - a temporary reduction in property values below their base property value established by Proposition 13. As of this year's roll close, 30,612 parcels remain on Proposition 8 status, a decrease of 24,883 or 45 percent from the 55,495 parcels on Proposition 8 status last year.

Under Proposition 13, when a change in ownership occurs or new construction is completed, property is reassessed and a base year value is established. Annual increases thereafter are limited to 2 percent maximum per year – this year the increase was 4 tenths of one percent. However, when market value falls below the Proposition 13 value, the market value becomes the basis for property taxes. This is known as the temporary enrollment of the Proposition 8 value. Homeowners whose property values were temporarily reduced under Proposition 8 or restored to Proposition 13 status will receive a notice in the mail.

Tonnesen is pleased to announce that as of July 1, 2014 Proposition 8 notices are available online at <http://www.solanocounty.com/depts/ar/viewpropertyinfo.asp> for property owners to view or print.

Tonnesen credits his hard working staff for the timely completion of the Proposition 8 review process and roll close.

“Although the number of reviews continues to decrease, the workload is still significant and staff continues to complete this massive assessment task timely and accurately,” Tonnesen said.

If any property owner has questions about their assessment, they can contact the Assessor division of the Assessor/Recorder department at (707) 784-6210 or e-mail assessor@solanocounty.com. In addition, taxpayers may obtain information from the Solano County website www.solanocounty.com under Assessor/Recorder department.

Understanding the Proposition 8 Adjustment

A key component of the increase in the assessment roll for fiscal year 2014/15 was a recovering real estate market that positively affected property values in Solano County. This in turn reduced the number of parcels on Proposition 8 status.

The amount of increase or decrease in property values depends on the market activity in an individual's area and how close the property's Proposition 8 value is to its Proposition 13 value. Assessed value is the basis for property taxes.

Passed by the voters in 1978, Proposition 13 amended the California Constitution to establish a process every California county assessor uses to determine assessed value for real property. Under Proposition 13, when a change in ownership occurs, or when new construction is completed, property is reassessed and a base year value is established. Annual increases thereafter are capped at 2 percent per year. Each parcel of real property in the county has a Proposition 13 value which is calculated and held by the assessor.

Subsequent legislation known as Proposition 8 further amended the Constitution to allow the assessor to make temporary reductions in assessed value when the market value - what a property would sell for in the open market - falls below the Proposition 13 value.

The factored Proposition 13 base year value, or the base value plus the annual increase by no more than 2 percent, sets the upper limit of value for property tax purposes. With Proposition 8, whenever the market value falls below the factored Proposition 13 value, that market value is temporarily used for property tax purposes. Once a property is placed on Proposition 8 status, the assessor reviews its value annually and adjusts according to the market at that time.

For instance, in 2006 an owner purchases property for \$500,000 at the peak of the market. However, in 2014 the new factored Proposition 13 value, which adds no more than 2 percent to the prior year's base year value, would be over \$580,000. If the market value of that same property in 2014 was \$325,000, the Assessor would temporarily enroll the lower value for property tax purposes. In the following year and as of lien date - January 1 of each year - the

market value of the property would again be determined and compared to the Proposition 13 value and the lesser value would be enrolled.

The Proposition 8 value is temporary and not subject to the Proposition 13 cap of 2 percent per year. So, as the market value of property fluctuates, the Proposition 8 value may increase over 2 percent per year up until it reaches the Proposition 13 value factored. At that point the 2 percent cap is reestablished and becomes the basis for property taxes, not the market value which is higher.

The assessed value of your property is available on the Assessor/Recorder website at <http://solanocounty.com/depts/ar/home.asp>. The Assessor/Recorder is located at 675 Texas Street Suite 2700, Fairfield, CA 94533. Our telephone number is (707) 784-6210.

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