

Supplemental Property Taxes



Supplemental Property Tax Defined

The supplemental real property tax law came into effect in 1983 and is part of an ambitious drive to aid California's public school system. If you plan on purchasing or building a new home, this law will affect you. Supplemental property tax is a one-time tax which dates from the time you take ownership of your property or complete construction until the end of the tax year on June 30.

How Will The Amount of My Bill Be Determined?

There is a formula used to determine your tax bill. Supplemental property tax is based on the difference in assessed value of a home when purchased by the prior owner and the newly assessed value when purchased by you. If you are building a home, the supplemental property tax is based on the difference in value of the land before a home was constructed and the new property value after a home is built. The total supplemental assessment will be prorated, based on the number of months remaining until the end of the tax year, June 30.

Will My Supplemental Taxes Be Prorated in Escrow?

No. Because supplemental tax is a one-time tax and is in effect from the actual date you take ownership of property, it will be billed to you by your County Controller/Tax Collector.

When and How Will I Be Billed?

You will be advised of your supplemental assessment amount when your property is appraised during the lending process. You will then have an opportunity to discuss your valuation, apply for a Homeowner's Exemption and possibly file an Assessment Appeal. Your County will then calculate your supplemental tax and mail you a bill. This can happen anywhere from 3 weeks to 6 months after close of escrow. A lien is put on your property for the supplemental taxes, so be sure to pay your taxes by the date noted on your supplemental tax bill.

Can I Pay My Supplemental Tax Bill in Installments?

All supplemental taxes on the secured roll are payable in two equal installments. The taxes are due on the date the bill is mailed and are delinquent on specified dates, depending on the month the bill is mailed, as follows:

- 1) If the bill is mailed within the months of July through October, the first installment will become delinquent on December 10 of the same year. The second installment will become delinquent on April 10 of the next year.
- 2) If the bill is mailed within the months of November through June, the first installment will become delinquent on the last day of the month following the month in which the bill is mailed. The second installment will become delinquent on the last day of the fourth calendar month following the date the first installment is delinquent.

Will My Supplemental Tax Be Prorated?

The supplemental tax becomes effective on the first day of the month following the month in which the change of ownership or completion of new construction actually occurred. The table of proration factors shown in the chart below is used to compute the supplemental assessment on the current tax roll.

| EFFECTIVE DATE | PRORATION FACTORS | EFFECTIVE DATE | PRORATION FACTORS |
|----------------|-------------------|----------------|-------------------|
| August 1 | 0.92 | February 1 | 0.42 |
| September 1 | 0.83 | March 1 | 0.33 |
| October 1 | 0.75 | April 1 | 0.25 |
| November 1 | 0.67 | May 1 | 0.17 |
| December 1 | 0.58 | June 1 | 0.08 |
| January 1 | 0.50 | July 1 | 0 |



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