

Supplemental Property Taxes In California

What is a Supplemental Property Tax?

Supplemental Property Taxes were introduced in July 1983 as part of California's broader effort to generate additional revenue for all the public programs. The primary goal and objective were to provide much-needed additional funding for California's educational system. This raises an estimated nearly \$500 million in annual revenue for our educational system.

Unlike your regular tax bill, which is based on the value of your home assessed on January 1 of each year, SUPPLEMENTAL PROPERTY TAXES are on property as it exists on the date in change in ownership (date title changes hands) of the completion of any new construction including completion of significant renovations., in accordance with Article XIII A of the California Constitution Supplement taxes which represent the additional taxes due for an increase in the assessed value resulting from an ownership change or any new construction. If you purchased the property for less than the previously assessed value, and you paid property taxes based on the higher assessed value, you may receive a supplemental tax refund.

When Will I Receive a Supplemental Tax Bill?

Changes in ownership or new construction, including completion of significant renovations, will prompt a Supplement Tax Bill. The timing of the receipt of your Supplemental Tax Bill can vary widely. Mailing of these Supplemental Tax Bills is only done a few times per year. Don't be concerned if you haven't received one right away.

The notification by the County Assessor of the property's reassessment will provide you with an opportunity to discuss the new valuation. Apply for any Homeowner's Exemption you and the property may qualify for, or file an

Assessment Appeal if you believe the New Assessment is inaccurate. Once any reassessment amount is finalized, the County calculates the Final Supplemental Tax Amount and issues the Supplemental Tax Bill.

What Information is in the Supplemental Tax Bill?

It's critical to pay close attention to the details outlined in the Supplemental Tax Bill to ensure that you meet the required deadlines and avoid penalties.

The Supplemental Tax Bill will include:

1. The total amount of the Supplement Tax owed
2. The due date for payment
3. The date your taxes will become delinquent if not paid
4. The penalty assessed and due if not paid by the due date

How is the Supplemental Property Tax Calculated?

Supplemental Property Taxes are not a flat fee. They are calculated based on any increase in the property's assessed value and the number of months remaining in the current tax year. (The purchase price is typically used as the new value.) The Formula considers:

1. The difference between the previously assessed value and the new assessed value.
2. The current Tax Rate (typically around 1% of the new value).
3. The prorated number of months remaining until June 30, which is the end of the tax year.

For example, if you purchase your new home halfway through the year, your Supplemental Tax will be based on six months of increased value rather than a full year.

When are Supplemental Property Taxes Due?

The Supplemental Tax Bill will include two installments, similar to your regular Tax Bill.

The first installment becomes delinquent on December 10 of the same year

The second installment becomes delinquent on April 10 of the following year.

If the Supplemental Tax Bill is mailed between November and June, then:

The first installment is due at the end of the month following the mailing date.

The second installment is due four (4) months after the first installment becomes delinquent.

Because deadlines are tied to the bill's mailing date, it's essential to check the bill carefully and set reminders to avoid late payments.

Supplemental Property Taxes can be an unexpected cost. Understanding how they work can help new homeowners stay ahead of the process and be prepared financially and emotionally to pay them when due.

If you have concerns about the Supplemental Tax Assessment, A good Real Estate Agent can help guide you through the process and connect you with the county offices for assistance.

Please note that this content is for general informational purposes only and does not constitute legal advice.