

Supplemental Property Taxes

After a thorough search process, your Progressive Title Preliminary Title Report will show many items/exceptions. One such item in Schedule B will be a Lien of Supplemental Taxes. This item will read *"The Lien of Supplemental Taxes assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code."* To help you better understand this subject, here is a list of some commonly asked questions and answers.

Q. When did this tax come into effect?

A. The Supplemental Real Property Tax Law was signed by the Governor in July of 1983, as part of a drive to aid California's schools. This property tax revision was expected to produce over \$300 million per year in revenue for schools.

Q. How will Supplemental Property Tax affect me?

A. If you don't plan on buying new property or undertaking new construction, this tax will not affect you at all. But if you do wish to do either of the two, you will be required to pay a supplemental property tax which will become a lien against your property as of the date of ownership change or the date of completion of new construction.

Q. When and How will I be billed?

A. "When" is not easy to predict. You could be billed in as few as three weeks, or it could take over six months. "When" will depend on the individual county and the workload of the County Assessor, the County Controller/Auditor, and the County Tax Collector. The Assessor will appraise your property and advise you of the new supplemental assessment amount. At that time, you will have the opportunity to discuss your valuation, apply for a Homeowner's Exemption, and be informed of your right to file an Assessment Appeal. The County will calculate the amount of the supplemental tax bill. The supplemental tax bill will identify, among other things, the following information: the amount of the supplemental tax and the date on which the taxes will become delinquent.

Q. How will the amount of my bill be determined?

A. There is a formula used to determine your tax bill. The total supplemental assessment will be prorated based on the number of months remaining until the end of the tax year, which is on June 30th of each year.

Q. Can I pay my Supplemental Tax Bill in installments?

A. 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 shall become delinquent on December 10th of the same year. The second installment shall become delinquent on April 10th of the next year.

(2) If the bill is mailed within the months of November through June, the first installment shall become delinquent on the last day of the month following the month in which the bill is mailed. The second installment shall become delinquent on the last day of the fourth calendar month following the date the first installment is delinquent.

Q. Can you give me an idea of how the proration factor works?

A. 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. If the effective date is July 1st, then there will be no supplemental assessment on the current tax roll and the entire supplemental assessment will be made to the tax roll being prepared which will then reflect the full cash value. In the event the effective date is not on July 1st, then the table of factors represented on the following panel is used to compute the supplemental assessment on the current tax roll. Example: The County Auditor finds that the supplemental property taxes on your new home would be \$1,000 for a full year. The change of ownership took place on September 15th, with the effective date being October 1st: the supplemental property taxes would, therefore, be subject to a proration factor of .75 and your supplemental tax would be \$750.

If the effective date is:	The proration factor is:
August 1	.92
September 1	.83
October 1	.75
November 1	.67
December 1	.58
January 1	.50
February 1	.42
March 1	.33
April 1	.25
May 1	.17
June 1	.08

Q. Will my taxes be prorated in escrow?

A. No, unlike your ordinary annual taxes, the supplemental tax is a one-time tax which dates from the date you take ownership of your property or complete the construction until the end of the year on June 30th. **The obligation for this tax is entirely that of the property owner.**

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