



Tax Briefs



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News Update on Tax Issues from SLGG

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP
Certified Public Accountants & Management Consultants

In each issue, we cover various tax issues of interest to individuals and businesses

Declining Property Values Can Result in Property Tax Savings!

If you own real property in California you may already know that *Proposition 8*, passed in November 1978, allows a temporary reduction in assessed value and a corresponding reduction in your property tax bill when your property suffers a “decline in value.” A decline in value occurs when the market value of your property as of January 1, 2008 is less than its assessed value on the assessor’s books.

Proposition 8 reductions are temporary reductions and apply for one year. If the value of your property continues to decline in future years, it may be necessary to file additional appeals.

In general, the property tax bill you pay is approximately 1% of its assessed value. ***Therefore, any reduction in assessed value will reduce your property tax bill by approximately 1% of the reduction.***

Residential Properties

Most assessors’ offices are already reviewing the values of at least some of the hardest hit areas in their jurisdictions. However, residential homeowners may also take the initiative and apply for a decline in value with the assessor. Generally, this is a fairly easy process and entails filling out a simple form. An effective way to show that your property has suffered a decline in value is to provide information on comparable sales. A comparable sale is the sale of a property which is similar to your property in terms of location, size, number of bedrooms and bathrooms, age, quality and condition. You can generally get comparable sale information either from various websites including the assessor’s website or from a local real estate agent. Comparable sales should occur as close to the lien date as possible, generally January 1.

Commercial Properties

While assessors’ offices are reviewing the values of residential properties, they do not typically review commercial property values. Therefore, an application for reduced assessment must be filed and a valid case for reduction must be prepared and presented to the

JUNE 2008



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local assessor's Appeals Board.

Commercial properties purchased between 2002 and 2006 have the highest likelihood of having experienced significant declines in value. In addition, any income-producing property that has experienced a significant increase in vacancy rate should be reviewed.

Here is an example of property tax savings based on a decline in value:

Assessed Value	5,000,000
Value on January 1, 2008	3,500,000
Difference In Value	1,500,000
Approximate Annual Tax Savings	15,000

Act Now

The deadline for annual Proposition 8 appeals vary by county but the deadlines generally begin **September 15**, with deadlines for various counties occurring between September 15 and December 31. Filing seasons generally begin July 1.

Please contact us if you feel your property has experienced a significant decline in value so we can help you explore your options.

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Joan E. Manning, CPA, Partner	Meet Joan Manning	<i>read the full text of the U.S. Constitution and other historical documents</i>
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