

# Understanding Supplemental Property Taxes

Often times supplemental property taxes come as a surprise to new homeowners. This article should help you understand what they are for and how they affect a new homeowner.

## When was the supplemental real property law enacted?

The Supplemental Real Property Tax was signed into law in 1983 and is expected to produce over \$300 million per year to aid California's schools.

## How do supplemental taxes affect you?

Supplemental property taxes only affect individuals who are buying new property or initiating new construction. After the purchase or new construction is complete, the new owner will receive a bill for supplemental property taxes. Which will become a lien against the property as of the date of ownership change or the date of the completion of new construction.

## When and how are the bills generated?

It's not easy to predict when the new property owner will be billed. It may be as soon as three weeks after escrow closes or the new construction is complete. It also might take six months or more, depending on what county the property is located in and the workloads of the County Assessor, County Controller/Auditor and the County Tax Collector.

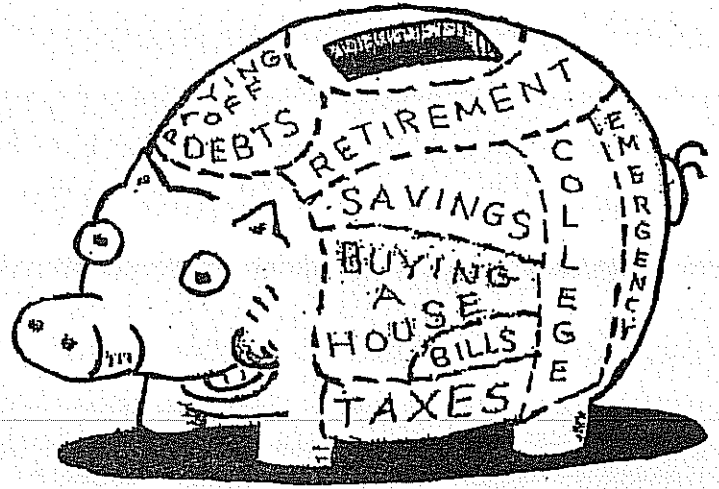
The assessor will appraise the property and advise the owner of the new supplemental assessment amount. The property owner then has the opportunity to discuss the valuation, apply for a Homeowner's Exemption and be informed of their right to file an Assessment Appeal. The assessor then calculates the amount of the supplemental tax bill to the property owner. The bill will state the amount of the supplemental tax and the date the taxes will become delinquent.

## How will the amount of the bill be determined?

A formula is used to determine the tax bill. The total supplemental assessment will be pro-rated based on the number of months remaining until June 30, the end of the tax year.

The pro-ration factor works like this: 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 1, 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 new full cash value. If the effective date is not on July 1, the factors represented in the chart determine assessment on the current tax roll.

**Example:** The County Auditor finds that the supplemental property taxes on the new home would be \$1,000 for a full year. The change in ownership took place on September 15 with the effective date being October 1st. The supplemental property taxes would be subject to a proration factor of .75 and the supplemental tax would be \$750.



IF EFFECTIVE DATE IS:	PRORATION FACTOR IS:	IF EFFECTIVE DATE IS:	PRORATION FACTOR IS:
August 1 .....	.92	February 1 .....	.42
September 1 .....	.83	March 1 .....	.33
October 1 .....	.75	April 1 .....	.25
November 1 .....	.67	May 1 .....	.17
December 1 .....	.58	June 1 .....	.08
January 1 .....	.50	July 1 .....	0

## Can the supplemental tax bill be paid in installments?

All supplemental taxes 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.

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 first day of the fourth calendar month after the date the first installment is delinquent.

## Will supplemental property taxes be pro-rated in escrow?

No, Unlike ordinary annual taxes, the supplemental tax a one-time tax, due for the period from the date of new ownership or completion of new construction, until the end of the tax year on June 30. The obligation for this tax is entirely that of the property owner.

# Design Escrow Corporation

128 East Huntington Drive  
Arcadia, California 91006  
(626) 445-6137 • Fax (626) 445-1380



## Los Angeles County Property Tax Portal



### New Home Owners

Congratulations on your purchase of a home! I am working with real estate professionals throughout Los Angeles County to help make this a positive experience and to aid you in avoiding some of the common pitfalls that may occur in the property tax process. It is important that you take a few minutes to review the following:

#### Annual Property Taxes

Annual tax bills are mailed once a year by November 1. The first installment is delinquent if payment is not received on or postmarked by December 10 and the second installment is delinquent if payment is not received on or postmarked by April 10. If you do not receive your tax bill by November 1, you may call (888) 807-2111 and request a Substitute Bill.

Even though known taxes are prorated between the buyer and seller during escrow and proper credit is given to each, all annual property taxes may not have been paid to the Tax Collector at that time. By calling the property tax information number at 1(888) 807-2111, you can determine if any annual taxes are due and how to obtain a substitute tax bill if necessary. **State law makes it your responsibility to pay the taxes whether or not you receive a bill.**

#### Supplemental Property Taxes

In addition to annual taxes, you may be responsible for paying supplemental property taxes. Supplemental bills are based on the difference between the old assessed value and your new assessed value, which is generally your purchase price. This amount is prorated based on the number of months left in the fiscal year from the date you purchased your home. If the property is reassessed at a lower value, you will receive a refund.

Supplemental tax bills are your responsibility and will be mailed directly to you by the Treasurer and Tax Collector's Office approximately 6 months after your purchase. They are not generally paid by impound accounts.

#### Homeowners' Exemption

If you own and occupy your home as your principal place of residence, you are eligible for a Homeowners' Exemption that reduces your property tax by about \$70 annually. You will be sent an application about three to four months after your deed is recorded.

As a homeowner myself, I am committed to do all I can to make the property tax process as easy as possible for you. If you have any questions, don't hesitate to call my staff toll-free at 1(888) 807-2111 (select #2) and/or visit our Website at <http://lacountyassessor.com>