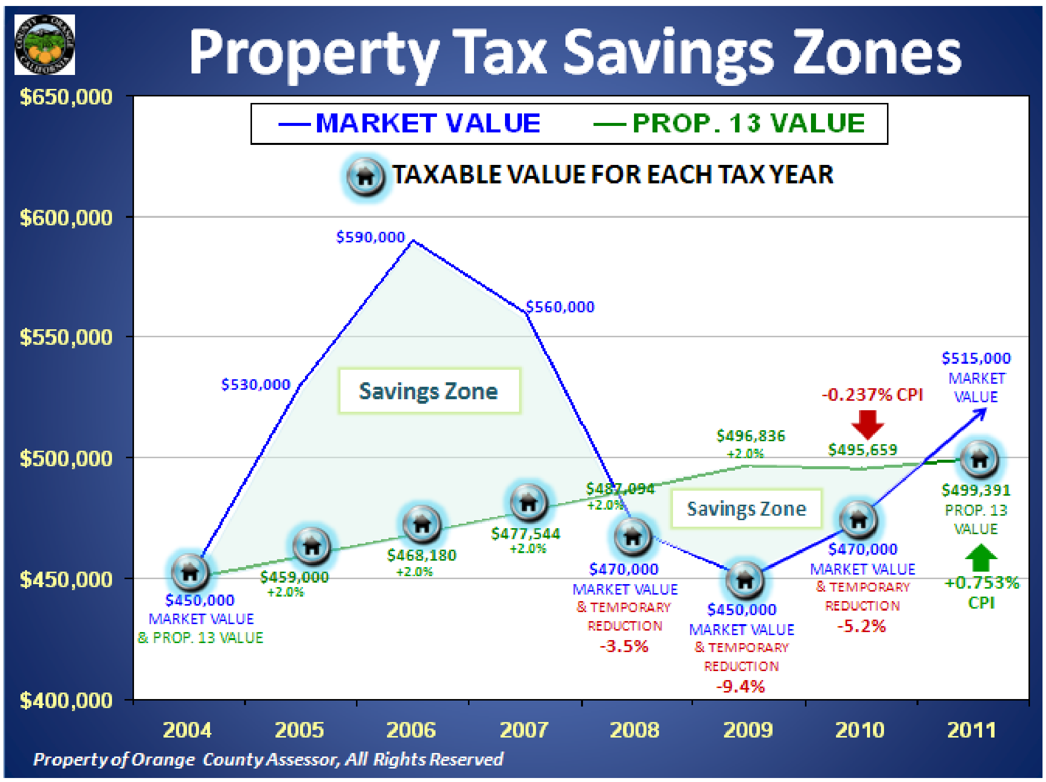
Prop. 13 - Property Tax Savings Zones

The Assessor values property each year **as of January 1**, in accordance with California property tax laws. The **Prop. 13 Value** of property is compared to the **Market Value**. The lower value is the **Taxable Value** used for property tax calculations each tax year. Sales transactions and market activity through March 31 are considered to help determine **Market Value**.

- **Market Value** is what the property would sell for in an open market transaction. Property is valued as of January 1 (lien date) each year.
- **Prop. 13 Value** is established when the property changes ownership. The Assessor makes CPI inflation adjustments of up to 2% per year, and adds the value of new construction as required by Prop. 13.
- **Taxable Value** is the Market Value or Prop. 13 Value, whichever is lower for a specific tax year.



- This property was purchased in 2004 for $450,000. The Market Value increased in 2005 and 2006, and started to fall in 2007. In 2008 the Market Value dropped below the Prop. 13 Value and the property was assessed at the lower Market Value until 2011.
- Taxpayers have a “Property Tax Savings Zone”, whether the market is up or down.

Tax Year	Prop. 13 Value	Market Value	Which Value Is Used To Calculate Property Taxes Each Year?	“Savings Zone” is the Difference Between Prop.13 Value and Market Value	Tax Savings Based on 1% Basic Tax Rate
2004	**450,000**	**450,000**	**Market Value Purchase Price**	**0**	**$0**
2005	**459,000**	530,000	**Prop. 13 Value**	**71,000**	**$710**
2006	**468,180**	590,000	**Prop. 13 Value**	**121,820**	**$1,218**
2007	**477,544**	560,000	**Prop. 13 Value**	**82,456**	**$825**
2008	487,094	**470,000**	**Market Value**	**17,094**	**$171**
2009	496,836	**450,000**	**Market Value**	**46,836**	**$468**
2010	495,659	**470,000**	**Market Value**	**25,659**	**$256**
2011	**499,391**	515,000	**Prop. 13 Value**	**15,609**	**$156**
				Tax Savings	**$3,804**