

# Supplemental Assessments

Supplemental Assessments are admittedly complicated and confusing! Created by Senate Bill 813 in 1983, supplemental assessment closed what was perceived as a loophole and inequity in Proposition 13. It also created substantial new revenue for the state and local government.

Supplemental Assessments are designed to identify changes in assessed value, either increases or decreases, that occur during the fiscal year. They are in addition (supplemental) to the traditional annual assessment and property tax bill.

Prior to the creation of supplemental assessments, changes in assessed value due to a change in ownership or completion of new construction would not result in higher taxes until the tax year (July 1 to June 30), following the lien date when the new values were placed on the assessment roll. In some instances, taxes on the new assessments would not be collected for up to 21 months. This resulted in serious differences in tax treatment for transactions that may have only been separated by one day. For example, two houses closed escrow one the day before the annual lien date and the other the day after; the value increase for each change in ownership was \$500,000. The buyer who purchased the day before the lien date would pay taxes on the entire purchase price with the first installment of taxes no later than December 10 that year. The buyer who purchased the day after the lien date would not see the increase in taxes until the tax bill due in December of the following year. If both properties are owned for the same period of time, the buyer who bought a single day before the lien date would pay about \$5,000 more in taxes than the other property owner due to differences in the initial transaction.

With the implementation of Supplemental Assessments the increase in value is taxed from the first of the month following the date of completion of new construction or the change in ownership. That date is referred to as the event date.

An event date between January 1 and May 31 results in two supplemental tax bills. The first supplemental bill is for the remainder of the fiscal year

from the first of the month following the Event Date. The second supplemental bill is for the subsequent fiscal year, beginning July 1 after the event date. If the Event Date is between June 1 and December 31, there will be only one Supplemental

Assessment in effect for the remainder of that fiscal year.

The amount of the supplemental assessment is the increase or decrease in value as of the event date compared to the value that was previously assessed.

Supplemental taxes are prorated based on the number of months remaining in the fiscal year, ending June 30. If the new assessment is lower than the prior assessed value a refund, rather than additional taxes, results.

Owners who have acquired property or completed new construction should be prepared for the following financial responsibilities:

**“Every week hundreds of confused, frustrated or angry home buyers here and across California call their County Assessor’s office with the same question: What’s a supplemental tax bill?”**  
**Sacramento Bee,**  
**June 4, 2001**

**In 2006, the Assessor’s Office processed 34,903 supplemental assessments with a total net increase in assessed value of \$12.5 billion prorated into supplemental tax bills by the Tax Collector.**

## Supplemental Event dates between June 1-December 31

1. The portion of the Annual Tax Bill for that fiscal year based upon the assessed value prior to the event.
2. The Supplemental Tax Bill for the difference in value between the new and prior assessed values; taxes are prorated for remainder of the fiscal year.
3. The Annual Tax Bill for the upcoming fiscal year, reflecting new assessed value.

## Supplemental Event dates between January 1 and May 31

1. The portion of the Annual Tax Bill for that fiscal year based upon the assessed value prior to the event.
2. The first Supplemental Tax Bill for the difference in value between the new and prior assessed values; taxes are prorated for remainder of the fiscal year.
3. The Annual Tax Bill for the full fiscal year (July 1 – June 30) following the date of the event based upon the assessed value prior to the event.
4. The second Supplemental Tax Bill for the difference in value between the new value and the assessed value shown on the tax bill referenced immediately above.