



BUYNAK LAW FIRM

HOW TO REDUCE YOUR REAL PROPERTY TAXES

(Tax Advisory 2008 – 09)

Have you purchased a home in Santa Barbara within the last 5 years? Is your current home value lower than the original purchase price? Would you like to reduce your current property tax bill almost automatically?

With the recent decline in the real estate market, you may be paying too much in property taxes. Here is an easy way to reduce your property taxes by 10%. This Advisory is neither exhaustive nor tailored to your specific situation. You should discuss your personal situation with us or with your own attorney. Our representation is only undertaken through a written engagement letter and not by the distribution of this Advisory.

Proposition 8 Assessment Review. Section 51 of the California Revenue and Taxation Code provides that the assessed value of any property shall not exceed its full market value on January 1. If you have evidence that the full market value of your property on January 1, 2008, is less than your assessed value, you can ask the County to reassess your property. This informal review by the County is known as a Proposition 8 Assessment Review.

Proposition 8 allows the County Assessor to review both the factored base-year value and the current market value of a property as of January 1 of each year and enroll the lesser value. When the current market value replaces the higher Proposition 13 value, that lower value is commonly referred to as a "Prop 8 Value". In no circumstance can the Assessor value a property higher than its Proposition 13 factored base-year value.

Proposition 13 Restrictions. Although the annual increase for Proposition 13 values is limited to no more than 2%, the same restriction does not apply to values adjusted under Proposition 8. Actual market value must be enrolled as a Proposition 8 value and any subsequent increase or decrease in market value is enrolled regardless of its percentage. However, when the current market value of a Proposition 8 property exceeds its factored Proposition 13 base-year value, the Assessor simply reinstates the factored Proposition 13 value. Thus, you are not a risk in having a Proposition 8 review; the worst result is that your home's assessed value will remain the same.

Deadline, May 15. Property owners who feel that their assessed value exceeds current market value should contact the County's Assessor Office (805.568.2120) and request a Proposition 8 review form or file the attached form (currently, _____ is handling these). The last day to request a Proposition 8 review of the assessment on the current tax bill is May 15. Once

you have requested a Proposition 8 review, an assessor will conduct an informal assessment review and provide you with a new assessment for your property.

You have a right to file an Application for Changed Assessment between July 2 and November 30, if you do not agree with the Assessor's opinion on your property value.

Through our relationships with real estate and appraisal professionals, we can assist in providing comparable market data used in establishing your new assessment value. Additionally, we can represent your interests before the Santa Barbara County Assessment Appeals Board when challenging the Assessor's opinion on your property value.

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This Advisory is one of a series of business, real estate and tax advisories prepared by the attorneys at the Buynak Law Firm. Should you have further questions regarding the information provided in this Advisory, please contact the author at the number listed above.

Buynak Law Firm provides business legal services to individuals, business entities and nonprofit organizations from entity formation and start up, through day-to-day operations and exit strategies.