



Understanding Supplemental Property Taxes

When was the supplemental real property tax law enacted?

Governor George Deukmejian signed the Supplemental Real Property Tax into law in July of 1983. It is expected to produce over \$300 million per year in revenue to aid California's schools.

How do supplemental taxes affect the homeowner?

Supplemental property taxes only affect individuals who are buying 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 changes or upon the date of 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 supplemental assessment amount. The property owner will then have 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 identify the amount of the supplemental tax and the date the taxes will become due and 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 prorated based on the number of months remaining until June 30, the end of the tax year.

The proration 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 of the current tax roll and the entire supplemental assessment will be made to the tax roll being prepared. If the effective date is not on July 1, the factors represent assessment on the current tax roll.

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

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 as follows:

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 shall become delinquent on the last day of the fourth calendar month following the date the first installment is delinquent.

Will supplemental property taxes be prorated in escrow?

Not usually. Unlike ordinary annual taxes, the supplemental tax is a one-time tax due for the period from the date of new ownership or completion of the new construction, until the end of the tax year on June 30. The obligation for this tax is entirely that of the property owner.

If effective date is:	Proration factor is:	If effective date is:	Proration factor is:
August 192	February 142
September 183	March 133
October 175	April 125
November 167	May 117
December 158	June 108
January 150		



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