

MICHAEL WYATT CONSULTING

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The Assessor's Little Secret

What is the definition of a secret? Telling one person at a time.

INTRODUCTION

The Orange County Assessor's Office has successfully kept a little known and seemingly insignificant provision of property tax law from the taxpayers of Orange County that could significantly help them lessen their financial burden they are currently suffering from real estate meltdown that began in 2008.

On its web site, the Assessor writes, *'The Assessor will review single-family homes, condos, townhouses, multi-family, commercial, industrial and timeshare properties in Orange County. Eligible properties will*

receive a reduction in taxable value for the 2011/12 tax year...The Assessor adjusted the value of about 190,000 properties that were eligible for a Taxable Value reduction for the 2010/11 tax year.'

In an article on this site, entitled, *Will A Decline In Market Value Reduce My 2011 Property Taxes*, the Assessor claims, *'In 2010, the Orange County Assessor reviewed the value of 317,000 properties in the County, including single-family homes, condos, townhouses, multi-family and commercial/industrial properties. Approximately 190,000 properties received a Taxable Value reduction for the 2010/11 tax year.'*

In addition, the Assessor announces, *'The Assessor reviews property each year and a request is not required. However, you can submit a "Request for Informal Assessment Review" form and provide information that will be considered during the review. Forms are posted on the Assessor website, and the deadline to file is April 30, 2011. There is no charge for this service.'*

Finally, the Assessor publicizes that if the taxpayer disagrees with their taxable value appearing on the Property Value Notice, *'...You can file an Assessment Appeal with the Clerk of the Board. The Assessment Appeal filing period is July 2 through September 15. Don't wait to get your tax bill to file an appeal, the tax bill*

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may be sent after the September 15 filing deadline.'

The Assessor claims success in lowering the values of 'approximately 190,000 properties' in Orange County for the current 2010/2011 fiscal year, provides information and a form for the upcoming 2011/2012 tax year, beginning July 1, 2011, as well as information regarding filing a formal assessment appeal for the upcoming 2011/2012 between July 2 through September 15, 2011.

Certain Classes of Taxpayers Left Behind

However, the Assessor was and still is conspicuously silent about another class of property owners in Orange County who did not receive a decline in value for 2010/2011, a large proportion who might have felt they were likewise entitled to a reduction for the current fiscal year. Likewise, the Assessor was noticeably silent about what remedy those owners might *still* have available to them for 2010/2011.

What about those 2010/2011 property owners who did not a 'Request for Informal Assessment Review' form by April 30th, 2010? What about those taxpayers who didn't file an Assessment Appeals Application by the September 15th, 2010, appeals deadline?

For 2010/2011, the Assessor left behind these taxpayers because they missed the two deadlines for 2010/2011, and now must wait to file an 'Request for Informal Assessment Review' form or 'Assessment Appeals Application' for the upcoming 2011/2012.

THE SECRET

Yet, under current property tax law, the Assessor still is permitted to initiate

roll corrections for 2010/2011 to reduce the assessed or taxable value up to one year after the Assessor delivered the Roll to the Auditor-Controller, provided the reduction reflects a decline in market value. This means that the Assessor could still reduce the 2010/2011 taxable value to take into account a decline in value up until approximately July 1st, 2011!!!

WELCOME RELIEF FOR ORANGE COUNTY PROPERTY OWNERS

This little-known and well-guarded provision was expressly and specifically intended to alleviate the enormous backlog of assessment appeals that the Assessor is now forcing Orange County owners to pursue.

Historical Development

This benefit was enacted in response to a massive number of assessment appeals resulting from declines in property values due to the economic recession in California in the early 1990s, and for what we are seeing since the banking and real estate meltdown that commenced in 2008.

Prior to the enactment of this property tax provision, after the Assessor had delivered the Roll to the Auditor-Controller, taxable values could only be corrected if taxpayers filed Assessment Appeals applications.

Statutory Effect

Under this provision, taxpayers are not required to file an application in order to receive a Prop. 8 decline in value. This statutory language extends the period of time in which the Assessor may correct the 2010/2011 taxable value. This property tax law was added to give the Assessor greater latitude in making roll corrections for reductions in value without requiring an appeal.

The Assessor now has an additional year from the delivery of the 2010/2011 Roll, or until approximately July 1st, 2011, to make these roll corrections. This provision affords taxpayers more timely reductions in their 2010/2011 assessed values. The extension of time results in having taxpayers file fewer Assessment Appeals applications.

Property tax law statutorily mandates that if a taxpayer's market value is lower than his or her assessed value, then the Assessor is obligated to enroll the market value without forcing a taxpayer to appeal. Now, property tax law gives the Assessor the statutory authority to reduce assessed values by the roll correction procedure within one year after the Roll is delivered to the Auditor-Controller, where the Assessor has failed to properly reflect a Proposition 8 decline in value.

A Real-Life Example

How does this really benefit Orange County taxpayers? Let's look at an example. Suppose that for the 2009/2010 Roll, the Orange County Assessor reviewed and lowered a property owner's assessed value, recognizing that a Prop. 8 decline in value had occurred. Inexplicably, the Assessor enrolled the taxpayer's higher prior established assessed value, and sent out a 'Property Value Notice' reflecting this change. But, the taxpayer, knowing that the real estate market is depressed, thought that his assessed value would remain the same as the 2009/2010 value. Therefore, he did not closely review and examine the Notice.

When the 2010/2011 Secured Property Tax Bill arrives in late September, he then notices that his 2010/2011 enrolled value is too high. He has already missed the deadline (April 31st, 2010) for filing the 2010/2011

'Request for Informal Assessment Review' form, and the deadline (Sept. 15th, 2010) 2010/2011 'Assessment Appeal' application.

He calls the Orange County Assessor in February 2011, complaining that the 2010/2011 enrolled value of his property is too high. The Assessor reviews the assessment and agrees with the taxpayer. Formerly, the Assessor, sounding sympathetic to the taxpayer, would advise that the taxpayer no longer has a remedy for reducing the 2010/2011 assessed value. Instead, the Assessor would only be able to advise that taxpayer still had time to file the 2011/2012 Request for Informal Assessment Review' form, or to file a 2011/2012 'Assessment Appeal' application by September 15th, 2011.

But, since the taxpayer, now armed with the knowledge of this little-known and well-guarded secret, he informs the Assessor that he has one year from July 1st, 2010 to initiate a roll correction under this property tax provision to reflect the property's current market value instead of the enrolled assessed value. He then receives his lower assessed value under Prop. 8, and receives a refund for his 2010/2011 Secured Property Tax Bill!!!!

ASSESSOR'S CONSTITUTIONAL MANDATE AND RESPONSIBILITY

California and the nation has suffered and endured severe economic times that have resulted in a decrease of real property market values which is unparalleled since the passage of Prop. 13. Property owners are entitled to reduced property taxes, and they should receive priority from the Orange County Assessor at least equal to his other constitutional duties and responsibilities. It is up to the Assessor to review, process and enroll

declines in value with the same due diligence and resources expended on those other duties and responsibilities.

It is up to the Orange County Assessor, *and not the taxpayers*, to discover properties where assessments are in excess of their current market value. The Assessor must be proactive in seeking those properties that require a Prop. 8 decline in value. While it is recognized that the Assessor faces budgetary and workflow issues, he must be pressed to properly allocate appropriate resources and staff to address decline in values.

To this end, it is time to be more creative and think 'outside the box' to discover properties that are constitutionally and statutorily entitled to lower assessed values. Some ideas for notifying Orange County taxpayers that under current property tax law, the Assessor still is permitted to initiate roll corrections for 2010/2011 to reduce the assessed or taxable value up to one year after the Assessor delivered the Roll to the Auditor-Controller, provided the reduction reflects a decline in market value. This means that the Assessor could still reduce the 2010/2011 taxable value to take into account a decline in value up until approximately July 1st, 2011!!!!. It is time to remove the veil off this little-known and well-guarded secret. Some ideas include, but are not limited to, the following:

- 🕒 Information on the Orange County Assessor's web site should describe this provision of property tax law to taxpayers
- 🕒 This provision of property tax law should likewise be included with future Property Value Notices and tax bills.
- 🕒 The Assessor should have an active outreach program, similar to town hall meetings, meeting

with constituents, utilizing his Real Property Operational Managers.

- 🕒 The Assessor should contact the Orange County Register and Los Angeles Times, and share this with their readers.

The Orange County Assessor must recognize and take seriously his constitutional duties by equally providing and allocating appropriate money and staff resources for lowering assessed values under Prop. 8, as he does for special projects. He should be willing in this age of accountability and transparency to show Orange County taxpayers, the Board of Supervisors, and the State Board of Equalization, that he has properly allocated such money and staff in identifying and enrolling declines in value under Prop. 8.

The Assessor must make a public commitment to Orange County taxpayers as well as the Board of Supervisors by publicly promising that he has made it *his top priority* to provide declines in value where appropriate.

CONCLUSION

This piece has tried to inform Orange County taxpayers of an obscure and surreptitious provision being kept from them by the Orange County Assessor that indeed could substantially alleviate their financial burden they are currently suffering from real estate tsunami that began in 2008.

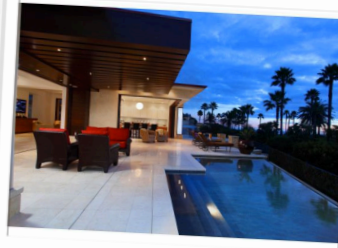
Moreover, this article has showed what the Assessor's constitutional mandate is regarding Prop. 8 declines in values, and his duty and responsibility to properly allocate time, staff, and money to lowering assessed values where appropriate.

This treatise has provided suggestions how the Orange County Assessor can better inform taxpayers of this property tax relief, to ensure that they can receive appropriate relief, if eligible.

Finally, this newsletter calls the Orange County Assessor to publicly assert that he has provided sufficient resources (time, staff, and capital) in reviewing all properties entitled to a decline in value.

During the 2010/2011 Income Tax season, after reviewing your clients' 2010/2011 assessed value, you may determine their assessed value is too high.

If you have any questions, or would like more information on this property tax relief measure, please contact me via e-mail or phone.



Michael Wyatt Consulting

Phone: 951-264-6152

e-mail: michael.wyatt@me.com

www.michaelwyattconsulting.com