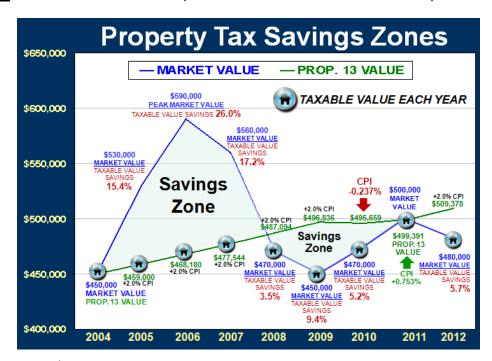
Prop. 13 - Property Tax Savings Zones

The Assessor values property each year <u>as of January 1</u>, in accordance with California property tax laws. The <u>Prop. 13 Value</u> of property is compared to the <u>Market Value</u>. The lower value is the <u>Taxable Value</u> that is 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.
- Taxable Value is the Market Value or Prop. 13 Value, whichever is lower for a specific tax year.



- This property sold for \$450,000 in 2004. Market value increased in 2005 and 2006, and started falling in 2007. Market value dropped below the Prop. 13 value in 2008, and the property was assessed at 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	500,000	Prop. 13 Value	609	\$6
2012	509,378	☆ 480,000	Market Value	29,379	\$293
				Tax Savings	\$3,947



Source: Orange County Assessor Department, All Rights Reserved Revised: January 2012