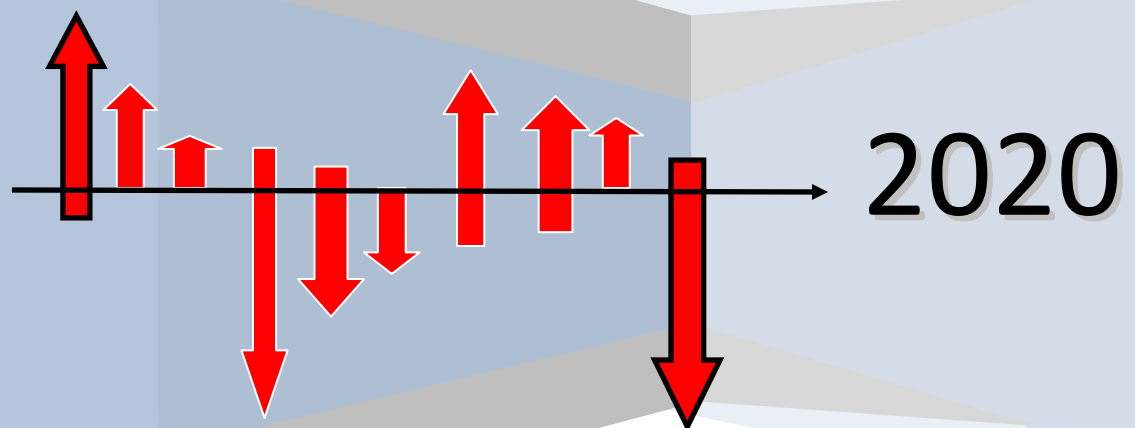


[www.AppraisalsFaster.net](http://www.AppraisalsFaster.net)

# Estate Planners Guide To Property Tax Reduction

Southern California

PTA/Appraisals Faster  
Property Tax Reduction



# **Estate Planners Guide to Property Tax Reduction**

## **Why Estate Planners need Property Tax Consultants...**

Estate planning activity frequently triggers Property Tax Reassessment and inaccurate Property Tax Reassessments are a common occurrence. Making the mistake of assuming the County Assessor's Property Tax Reassessment is correct can cost clients thousands in Property Tax Dollars annually.

Many over assessments are uncovered during a routine Property Tax Review and the client is frequently unaware of over assessment beforehand. Property Tax Consultants can uncover lost Property Tax revenue that was unknown to exist.

## **Triggers for inaccurate Reassessment include Property Gifting, Date of Death Transfers, Partial Interest Transfers and Entity Name Changes...**

When property transfers without an indicated "Fair Market Value", the County Assessor estimates the Market Value of the property. Frequently, the limited mass appraisal data used does not reflect the reality of the current property value.

The County Assessor may reject a verified sales price from an open market transaction between unrelated parties. This rejection can be overcome based on the preponderance of the evidence with support from Property Tax "Rule 2". In this case the "Burden of Proof" remains with the County Assessor's Office.

## **Income Producing / Investment Property**

Income, Investment, Commercial and Industrial property require special handling due to the specialized methods of valuation. These property types include office, retail, multi-family and warehouse properties. Familiarity with Capitalization rates, market and contract rent, expense ratios and vacancy rates as well as analysis of comparable market data are minimum requirements for Property Tax Assessment analysis. Commercial/Industrial Valuation can be complex and require expertise to uncover inaccuracies in the County Assessor's value conclusions.

Property Tax Rules included in the Revenue and Taxation Code dictate guidelines for property reassessment and limits reassessment under certain circumstances. Familiarity with Property Tax rules governing property taxation is critical to successful Property Tax Appeal Hearings.

Specialized Property Tax knowledge is the starting point for challenging inaccurate Property Tax Assessments utilizing the Assessment Appeal Process.

Assessor's Mass appraisal models frequently overlook individual property characteristics which can skew value conclusions and lead to over assessment.

### **The Property Tax Appeal Process**

The most common avenue for Property Tax Reduction is the Property Tax Appeal process. Specialized knowledge including Assessment Appeal application filing strategy and case preparation and presentation are keys to successful Property Tax Appeals. Simply checking the wrong box on an Assessment Appeal Application can limit a successful Assessment Appeal case outcome and cost clients thousands of dollars. Knowing the advantages of when request an informal hearing or formal full Board hearing can be invaluable and increase favorable outcomes.

Inexperienced professionals can win their clients Tax Appeal only to receive a single year of tax relief, due to checking the wrong box during the complex filing process. Filing a Proposition 8 appeal when a Base value appeal should apply, can be a very costly error. The statute of limitations on the base year appeal should first be considered before filing the Proposition 8 appeal. There are too many scenarios to mention in this brief overview that can cost clients to lose tax dollars they rightfully deserve.

Keep in mind that an experienced Property Tax Consultant can review different property tax situations and advise the best pathway to pursue before filing an Assessment Appeal with the County.

### **7 Reasons a Property Tax Review May be Required ASAP....**

- 1. Client received a notice of Assessed Value Change from the County Assessor*
- 2. Client's current Assessed Value exceeds the property "Fair Market Value"*
- 3. Client recently completed New Construction*
- 4. Client's Property suffers from damage due to Misfortune and Calamity*
- 5. The County Assessor rejected client's reported/verified purchase price*
- 6. Client changed owner name to a new entity*
- 7. Client transferred a percentage of property to new owner*

*Experience, expertise, and added value, are three things you should expect from a Property Tax Consultant.*

## **The following is a brief overview of three of the most common reasons for filing an Assessment Appeal**

### **DECLINE-IN-VALUE**

The most common reason for filing a Property Tax Appeal is due to "Decline In Value" also known as "Proposition 8".

The premise behind a Decline In Value is the subject property has gone down in value to a point where the current Assessed (or taxable value) exceeds the Fair Market Value.

The Decline In Value is a temporary reduction in Assessed Value and subject to annual review by the County Assessor's Office.

The Decline In Value has a one year statute of limitations in which to file an appeal. Once the one year statute has passed and the filing period has closed, the Decline In Value Appeal cannot be filed until the next year.

The first step in analyzing property for a Decline In Value is determining both the current Tax Assessment and the current Fair Market Value, for the tax year in question.

With these two pieces of information we can perform an analysis to determine if the subject property meets the minimum standard for Property Tax Reduction.

Typically a property is required to be over assessed by a minimum of 10% to qualify for Property Tax Reduction services.

## **BASE-YEAR-VALUE-TRANSFER**

Another reason to consider Property Tax Reduction is over assessment of property Base Year Value. The property Base Year Value typically reflects the Fair Market Value paid for property in an open market sale but also may be established for other reasons.

For too many reasons to cover in this brief overview property is frequently assessed above Fair Market Value or the actual purchase price paid in the open market. The purchase or transfer of property typically establishes a new Base Year Value.

The Base Year Value may be based on a property sale or property transfer or change in title.

These changes in title may be based on a death or gifting of property. Also a simple change in title related to refinancing, may trigger a Base Year Value reassessment of property. Needless to say there are numerous reasons why a property Base Year Value May be reassessed.

The reassessment of taxes because of a Base Year Value change may be substantial and should be reviewed for accuracy, especially where partial interest transfers are concerned. Many Base Year Value reassessments are found to have errors in value. Special circumstances surrounding the purchase of property, may affect the accuracy of newly established Base Year Values.

Base Year Value transfers have a four Year statute of limitations and are assumed correct and cannot be appealed after the four year Appeal period expires.

The related Supplemental Tax Bill portion has a 60 day statute of limitations and cannot be appealed once the 60 day statute expires. Even if one prevails on the four year statute, the Supplemental portion would be lost, unless appealed timely.

## **NEW-CONSTRUCTION-COMPLETION**

New Construction frequently triggers reassessment of property taxes.

New Construction consists of additions and rehabilitation to property as well as newly constructed homes. New Construction can consist of a new pool or a new house.

Some New Construction items are considered replacement only and typically should not be reassessed but frequently are reassessed in error, such as roof replacement.

Also, estimated value of added New Construction can be incorrect and cause incorrect Property Tax Reassessments and related Property Tax Bills.

Upon completion of New Construction, a Supplemental Tax Bill is issued which has a 60 day statute of limitations to appeal.

After 60 days the right to appeal the Supplemental Property Tax Bill expires, thus timely review of Property Tax Assessments is critical to success.

Each lien date (January 1) the Assessor can place a Partially Complete New Construction value on the Roll, which increases the Annual Property Tax. The Assessor can continue this process every year, until the New Construction is completed. These PC estimates should be reviewed for accuracy, as cost basis or percent complete estimates can be in error.

## **MY-BACKGROUND**

My experience as a Property Tax Specialist started in 1989 as Deputy County Assessor for Los Angeles County, and has expanded to include experience as Certified General Appraiser, Advanced Certified Property Tax Appraiser, Commercial Agent and Registered Tax Agent.

My success rate in front of California Assessment Appeal Boards is unsurpassed at approximately 90%.

I hope this overview has been helpful. I look forward to helping your clients *get the Property Tax Refunds they deserve.*

**Dave O'Neal**  
**Property Tax Consultant**  
**Tax Agent Registration#AG30907-1**  
[support@appraisalfaster.net](mailto:support@appraisalfaster.net)  
**310-437-1063**

PTA/Appraisals Faster  
8671 Wilshire Boulevard  
Suite 607  
Beverly Hills, California 90211

## When Was Your Last Property Tax Analysis?

PTA/Appraisals Faster has created a product exclusively for real estate investors in Southern California. The Tax Assessment Reduction Survey (TARS) is designed for real estate investors. TARS details annual tax loss, capitalized value loss and uncovers over- assessment of Property Taxes. In cases of over-assessment of property tax, investors can use TARS as a tool to improve net returns by pursuing Property Tax Appeal strategy.

Investors can increase net returns through property tax reduction. With property tax reduction, investors can lower property expenses and increase property value through improved capitalization.

## There are Many Reasons to Appeal your Property Taxes...

- If newly constructed building tax assessment exceeds the property value
- If operating expenses and vacancy have increased causing value of your building to decrease
- If your property is assessed based on a value higher than actual purchase price
- If inherited property was subsequently re-assessed
- If property market value has decreased due to changing market conditions

TARS Report delivers limited scope Property Tax Analysis based on Projected Assessed Value and Projected Market Capitalization. Perform due diligence and order your TARS Report. Find out if your property is a candidate for Property Tax Appeal .

Include a copy of Property Tax Bill and check with this letter for \$499 TARS Report  
**100% of TARS Report cost is credited on Tax Appeal invoice**



---

## TARS REPORT ORDER FORM

PROPERTY ADDRESS \_\_\_\_\_  
(TARS Report)

PROPERTY DESCRIPTION \_\_\_\_\_  
(office, retail, multi-family, warehouse/#units/tax assessment issue)

CITY \_\_\_\_\_ ZIP \_\_\_\_\_

EMAIL ADDRESS \_\_\_\_\_

AUTHORIZED SIGNATURE \_\_\_\_\_ TITLE \_\_\_\_\_

**Make check payable to "Appraisals Faster".**  
**Mail Order Form, Property Tax Bill and \$499 check to:**

**PTA/Appraisals Faster**  
**8671 Wilshire Boulevard, Suite 607**  
**Beverly Hills, CA 90211**

Allow up to 14 days for TARS Report completion and delivery by Email