

CHANGE OF OWNERSHIP TAX REASSESSMENT & APPRAISAL

Proposition 13 requires that all property be reassessed as of its date of change in ownership. The Assessor's Office reviews all recorded deeds to determine which require reappraisal under the law. Once it has been determined that a re-appraisable change in ownership has occurred, the Assessor then determines the market value of the properties as of the date it changed ownership. Values established by the Assessor whenever a change in ownership re-assessment occurs are known as Proposition 13 Base Year Values and will not be changed (except for the automatic maximum 2% annual inflation factoring provided for in Prop 13) until a subsequent change in ownership occurs.

The law requires the owners of any property that has changed ownership (except those caused by the death of an owner) to file a change in ownership statement when the transfer is recorded, or, if not recorded, within 45 days of the date of transfer. Failure to notify the Assessor will result in the assessment of failure-to-file penalties.

If the change in ownership was the result of a death, the law requires that the Assessor be notified of such changes within 150 days of the date of death, or if the estate is probated, at the same time that the "inventory and appraisal" is filed. Failure to notify the Assessor will result in the assessment of failure-to-file penalties.

The penalty for failure to file a Change in Ownership Statement upon a written request by the Assessor is \$100 or 10% of the new base year value resulting from the transfer, whichever is greater, but cannot exceed \$2,500 unless the failure to file was willful.

Ordinarily, when most sales or transfers of property are recorded with the County Recorder, whomever records the deed also files what is known as a "Preliminary Change In Ownership Report" (PCOR) for the owner. This notice normally satisfies the reporting requirement unless the PCOR is incomplete. However, if the deed is not recorded, or if at the time of recording the owner choose not to file a PCOR, the owner is still obligated to file a change in ownership statement with the Assessor within the prescribed time limits.

It is important that owners notify the Assessor of any changes in ownership as soon as possible in order to avoid failure-to-file penalties, as well as to avoid potential interest charges and other possible penalties associated with resulting escape assessments. Under the current statute of limitations, the Assessor must retroactively escape assess as many as 8 prior assessment rolls if the escape was the result of the failure to file a required change in ownership statement. Such long-term escape assessments can be very problematic and expensive to resolve, and prompt filing can help an owner avoid those pitfalls.

