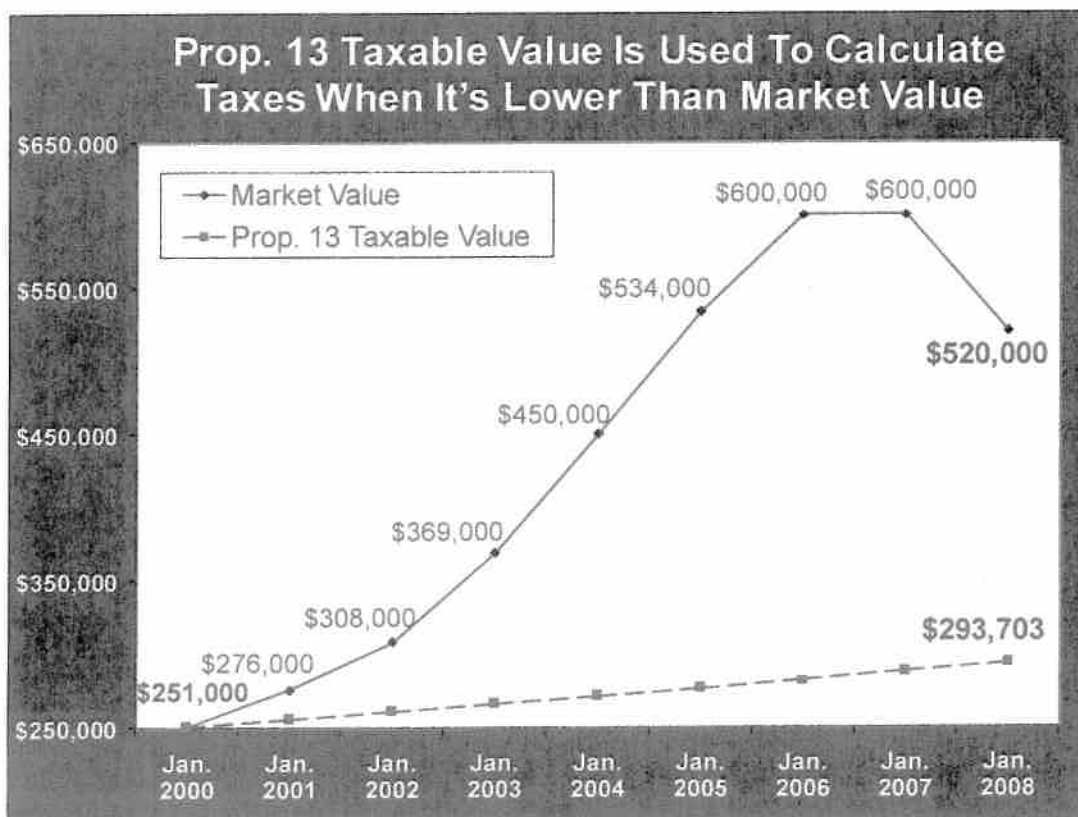


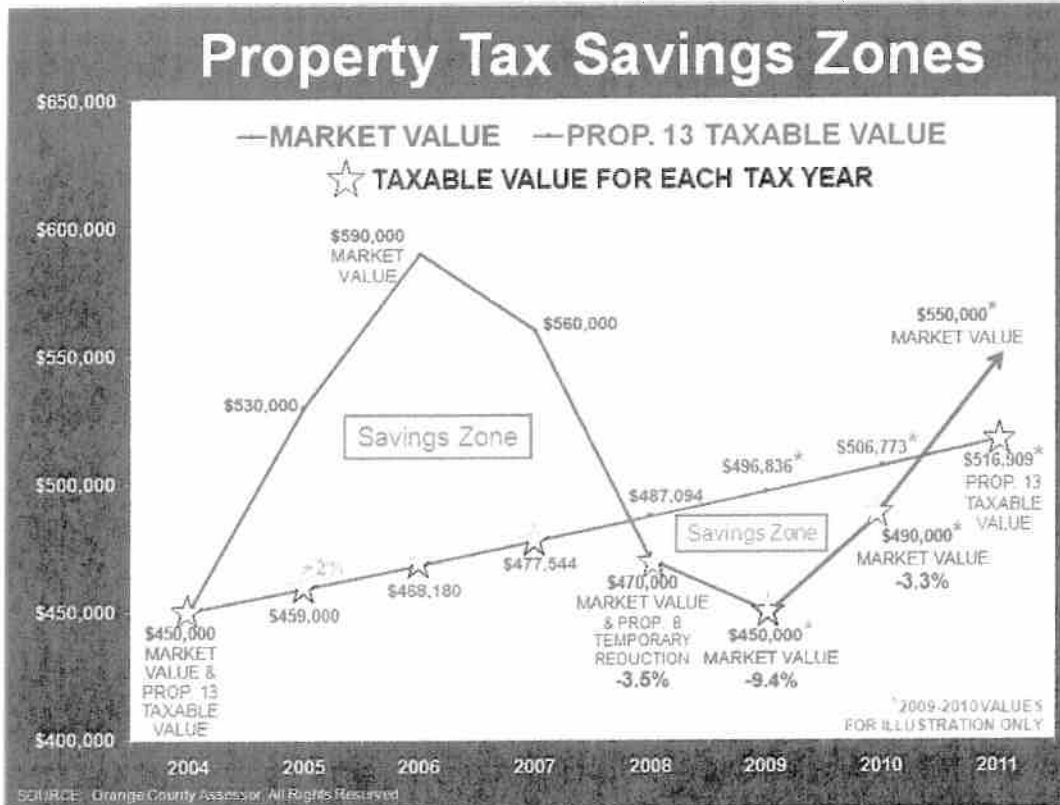
## Will A Decline In Market Value Reduce My Property Taxes?

- A decline in Market Value may reduce your property taxes if the Market Value is lower than the Proposition 13 Taxable Value.
- **Market Value** – Is what the property would sell for on lien date (January 1) in an open market transaction.
- **Proposition 13 (Prop. 13) Taxable Value** - Is the market value of the property when you acquired it, plus a Consumer Price Index (CPI) adjustment of up to 2% per year, plus any new construction.
- The Assessor compares these values, and the lower value is used to calculate property taxes each tax year.
- If the Market Value is higher than the Prop. 13 Taxable Value, a CPI adjustment must be added. The CPI adjustment can be no more than 2% per year.
- In the example below, the Market Value dropped \$80,000 in one year, from \$600,000 in January 2007 to \$520,000 in January 2008. Taxes are calculated using the lower Taxable Value of \$293,703.





- If the Market Value is lower than the Prop. 13 Taxable Value, the property taxes will be calculated using the lower Market Value for that year.
- In 2008, approximately 127,000 properties had a Market Value that was lower than their Prop. 13 Taxable Value.
- The example below shows that there is always a Savings Zone for the Taxpayer. The Assessor is required to use the lower value, so the Taxpayer always benefits. Is your Market Value less than your Taxable Value?



**Property Tax Savings Zones Example**

Tax Year	Prop. 13 Taxable Value	Market Value on (Jan. 1)	Tax Savings Zones	1% Basic Property Tax
2004	☆\$450,000	\$450,000	-	-
2005	☆\$459,000	\$530,000	\$71,000	\$710
2006	☆\$468,180	\$590,000	\$121,820	\$1,218
2007	☆\$477,544	\$560,000	\$82,456	\$825
2008	\$487,094	☆\$470,000	\$17,094	\$171
2009	\$496,836	☆\$450,000	\$46,836	\$468
2010	\$506,773	☆\$490,000	\$16,773	\$168
2011	☆\$516,909	\$550,000	\$33,091	\$331
			<b>Tax Savings</b>	<b>\$3,891</b>