OPINION
How to read your property tax bill

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PUBLISHED: December 15, 2019 at 12:00 pm | UPDATED: February 3, 2020 at 2:32 pm

Californians are keenly aware that we bear a heavy tax burden. Progressives claim that the tradeoff is low property taxes, but that’s just not the case. California ranks 17th out of 50 states in per capita property tax collections. What can be said about Proposition 13 is that it has made property taxes reasonable, not low.

For most property owners, tax bills were due last week and many were surprised that the increase was more than they anticipated. But that isn’t because Prop. 13 isn’t working, it’s because there are far more items listed on property tax bills than ever before. It’s important that taxpayers know how to read their property tax bills.

When reviewing your tax bill, the best place to start is to pull out last year’s bill and do a side-by-side comparison. For most California counties, the property tax bill will show three categories of charges. They are the General Tax Levy, Voted Indebtedness and Direct Charges and Special Assessments.

The General Tax Levy is what most people think of when talking about property taxes. It is based on the assessed value of land, improvements and fixtures. This charge usually makes up the largest portion of the tax bill and it is the amount which is limited by Proposition 13.
The annual increase in the General Levy of Assessment should be no more than 2 percent, unless there have been improvements to the property, like adding a room to the house. However, if a property had previously received a “reduction in value” reassessment under Proposition 8, the taxable value may go up more than 2 percent to reflect the recovery in the market value. But remember, in no case will the taxable value be more than the initial Prop. 13 base year plus 2 percent annually from the date of purchase.

The second category of charges is Voted Indebtedness. These charges reflect the repayment cost of bonds approved by the voters. Local general obligation bonds for libraries, parks, police and fire facilities and other capital improvements are repaid exclusively by property owners. Because a minority of the population is required to pay the entire amount, the California Constitution of 1879 established the two-thirds vote for approval of these bonds.

In some counties, parcel taxes may appear under this second category of property exactions even though parcel taxes are rarely used to repay debt. Parcel taxes are taxes on property ownership but are not imposed as a percentage of taxable value. Although there is no upper limit on the amount of parcel taxes you have to pay, they remain — for now — subject to Prop. 13’s two-thirds vote requirement.

The third type of levy found on the typical property tax bill is for direct assessments. These are charges for services related to property such as street lighting, regional sanitation, flood control, etc. Because of Prop. 218, property owners must be given a meaningful say in approving new assessments. Before
an assessment can be imposed or increased, property owners must be informed in writing and must be given the opportunity to cast a protest vote on the new charge.

Finally, in order to control how much bond debt and direct assessments appears on your bill, pay close attention to your ballot in the upcoming election. There are hundreds of bond and tax proposals throughout California. Some may be worthwhile. Most are not.

For more information regarding property tax bills go to HJTA.org. If you have a question about your property tax bill you can contact your county assessor or county tax collector, or call the government agency responsible for each levy on your bill. It’s your money and you have a right to know that your bill is 100% accurate.

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