SUPPLEMENTAL PROPERTY TAXES

When you purchase property in the state of California, you will receive a Supplemental Property Tax bill within a few months of closing escrow. Here's some important information to answer the most common questions about why you are receiving it, who's responsible for paying it, how it's calculated, and more.

- **Purpose:** Supplemental property taxes are levied when there is a change in ownership or new construction that increases the value of the property. They reflect the difference between the previous assessed value and the new value.
- **Assessment:** The county assessor reassesses the property after the sale or new construction. The difference in value between the old assessment and the new assessment generates the supplemental tax.
- **Timing of the bill:** New property owners will typically receive a supplemental tax bill within several months after the property transfer. The timeline varies by county but is often 3 to 6 months after the transaction.
- **Retroactive application:** The supplemental tax bill is retroactive to the date of ownership change or completion of construction. It covers the time from that date to the end of the fiscal year (June 30).
- **Who pays:** The new property owner is responsible for paying the supplemental property taxes, regardless of whether they were aware of the bill at the time of purchase.
- **Separate from regular property taxes:** Supplemental property taxes are in addition to the regular annual property taxes. New owners must pay both bills, but they may arrive at different times.
- **Installments:** The supplemental tax bill can often be paid in two installments, similar to regular property taxes.
- **No lender impounds:** Supplemental taxes are generally not included in a mortgage impound account, so the homeowner is responsible for paying them directly.
- **Calculation:** The tax is prorated based on the period of the fiscal year remaining after the reassessment. For example, if the reassessment occurs halfway through the fiscal year, the tax will cover the remaining half of the year.
- **Supplemental tax estimator:** Many counties offer online tools to estimate potential supplemental property taxes based on the sales price and the timing of the transfer or construction.

The supplemental tax takes effect on the first day of the month following a change in ownership or completion of new construction. If this date is July 1st, the entire supplemental assessment is added to the upcoming tax roll. If it's any other date, a table of factors is used to calculate the supplemental tax for the current tax roll.

If the effective date is:	The proration rate is:
August 1st	0.92
September 1st	0.83
October 1st	0.75
November 1st	0.67
December 1st	0.58
January 1st	0.50
February 1st	0.42
March 1st	0.33
April 1st	0.25
May 1st	0.17
June 1st	0.08
July 1st	No Proration Applicable

EXAMPLE: The County Assessor has determined that the supplemental property taxes for your new home would be $1,000 for a full year. Since the ownership changed on September 15, with an effective date of October 1, the supplemental taxes are prorated using a factor of 0.75, making your supplemental tax $750.

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