

BASE YEAR VALUES

BY TOM JOHNSEN, PRINCIPAL

On September 2, 2009 the State Board of Equalization distributed to all County Assessors a brief memorandum entitled “Factoring to Base Year Values.”

The memorandum recounts the process for the establishment of a base year for real property subject to Article XIII A of the California Constitution (Proposition 13) and discusses the history of applicable adjustment factors by the State Board of Equalization. The memo states “In the more than 30 years since the passage of Proposition 13, the annual adjustment has never resulted in a reduction to base year values. However, if current trends continue, the announced factor could result in reductions to base year values. The final announced factor will depend on price level changes between now and October. The California Consumer Price Index (CCPI) dropped sharply (3 percent) between October 2008 and December 2008; however, it has been rising ever since. The 12-month period of October 2008 to October 2009 will be used to calculate the adjustment factor for the January 1, 2010 assessment date.”

The memo concludes that Article XIII A and applicable regulations limit positive adjustments to the maximum of 2 percent, however “there is no such limitation to downward adjustment, including instances which the net change... is zero or less than zero.” ♦

**The information in this newsletter is intended to be general in nature. The facts and circumstances of each agency are different. Seek specific advice before implementing any recommendation. For reprint permission contact Tom Johnsen at (949) 660-7311.*