California Association of County Treasurers and Tax Collectors

October 9, 2013

Grant Mulligan, President

PARCELQUEST

Why ParcelQuest?

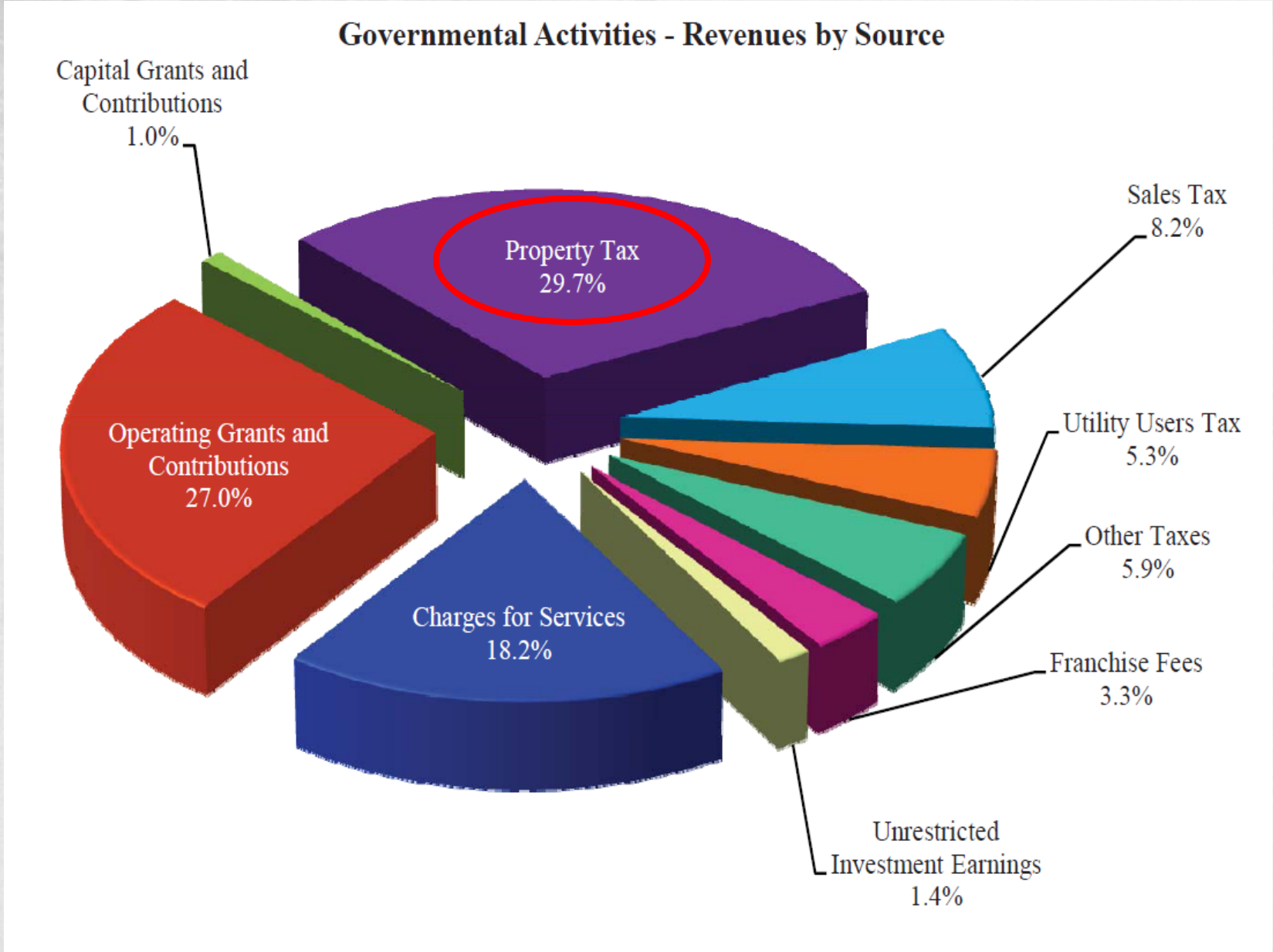
Over 30 Years of Experience

Unique “Public / Private” Partnership

Reciprocal County Relationships

We Speak “County Property Data”

Typical City Budget



Property Tax Revenue

Property Tax Estimates Used to be SIMPLE

2% Plus Turnover & New Development

What Happened?

To understand the present…

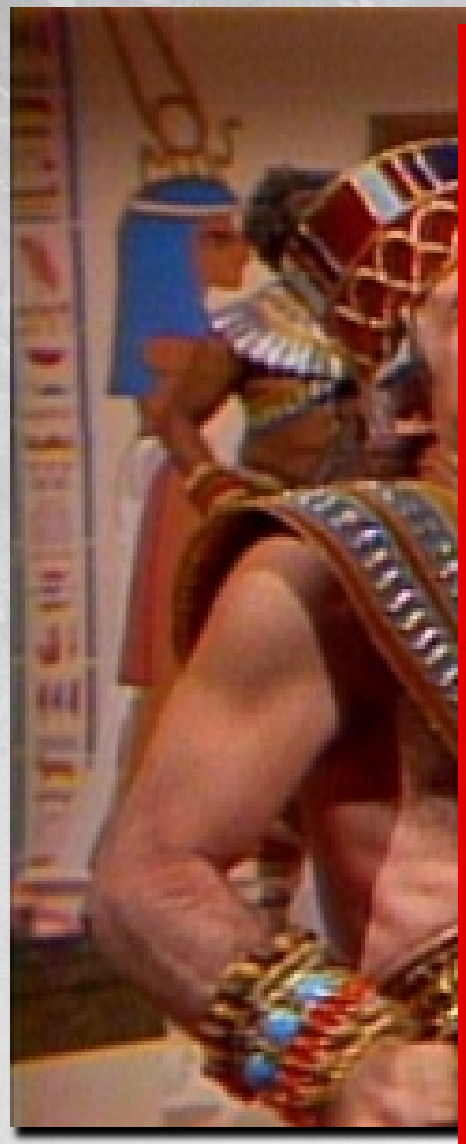
We must look to the past

SATURDAY NIGHT
FEVER

LIBERTY
IN GOD WE
TRUST
1978

AMPED

TOYOTA



MARCH 6, 1978
$1.00
TIME
What Israel Thinks of BEGIN
The All-American Model
Cheryl Tiegs

UNMASKED!
DT POSTER!
THE BEATLES!
OOK

PARCELQUEST

Proposition 13 passed

The <u>EVENT</u> <u>DRIVEN</u> tax assessment era began.

PARCELQUEST

Proposition 8 also passed

And no one even noticed.

PARCELQUEST

FINAL VOTE CAST BY LEGISLATURE ON SCA 67 (PROPOSITION 8)

Assembly—Ayes, 69 Noes, 0

Senate—Ayes, 32 Noes, 0

Analysis by Legislative Analyst

Background:

Proposition 13 on the June 1978 ballot substantially changed provisions in the California Constitution regarding the valuation of property for property tax purposes. In general, Proposition 13 requires county assessors to use 1975–76 property values as the basis for determining real property assessments in 1978–79 and subsequent years. The 1975–76 values may be increased by an inflation factor of no more than 2 percent per year. However, if the property is "newly constructed", or if ownership of the property changes, the assessment is based *not* on the property's value in 1975–76, but on its value at the time of construction or change in ownership.

Proposal:

This proposition would affect the determination of assessed value in three ways:

1. *Allowed adjustments to 1975–76 property values.* Proposition 13 specifies that the county assessors' determination of 1975–76 assessments can now be increased if these values were "not already assessed up to the 1975–76 tax levels". These adjusted values then would constitute the basis for computing future assessments.

This constitutional amendment substitutes the term "full cash value" for "tax levels". The Legislative Counsel advises us that this terminology change is a clarifying amendment to the Constitution, and as such it would not have any direct fiscal effect.

2. *Treatment of "reconstructed" property.* The Legislative Counsel advises us that, as used in Proposition 13, the term "newly constructed" real property covers additions or renovations to real property as well as newly built structures. Thus, property which has not been sold since 1975, but is substantially "reconstructed" following a flood, fire or other disaster would have to be reassessed at its new market value.

This proposal specifies that real property which is reconstructed after a disaster shall not be reassessed at its new market value if (1) it is in a disaster area, as proclaimed by the Governor and (2) its value is comparable to the fair market value of the original property prior to the disaster. This would prevent the assessed value of such property from being increased by more than the 2 percent annual inflation factor.

3. *Property which has declined in value since 1975.* Proposition 13 does not allow the assessor to reduce the assessed value of property which declines in value while it is still owned by the same taxpayer. This proposal would allow the assessor to make such reductions when it has been substantially damaged or its value has been reduced by "other factors" such as economic conditions.

Fiscal Effect:

In the absence of a major disaster, the adoption of this proposal would have a minor impact on local property tax revenues statewide. It should have no significant impact on state revenues or costs.

Typical Neighborhood in 2005

Bought 1988
Tax: $2,710

Bought 1994
Tax: $3,300

Bought 2005
Tax: $7,100

Bought 1971
Tax: $970

Following the crash…

The game is completely different!

It is not just about Foreclosures

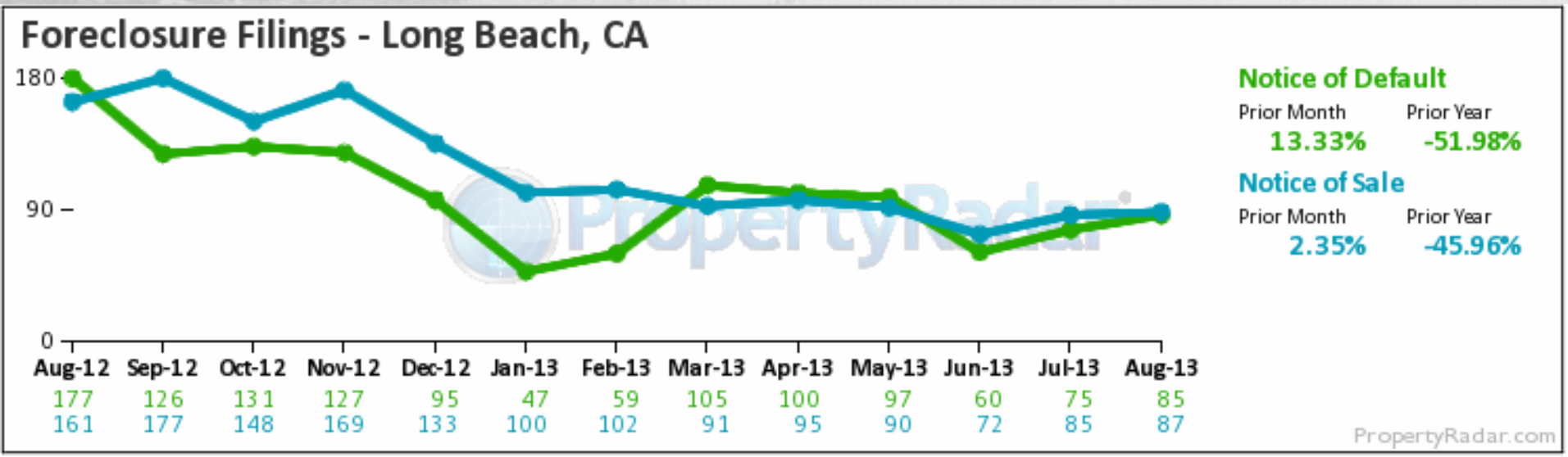
Relative to Assessed Value … It’s Complicated!

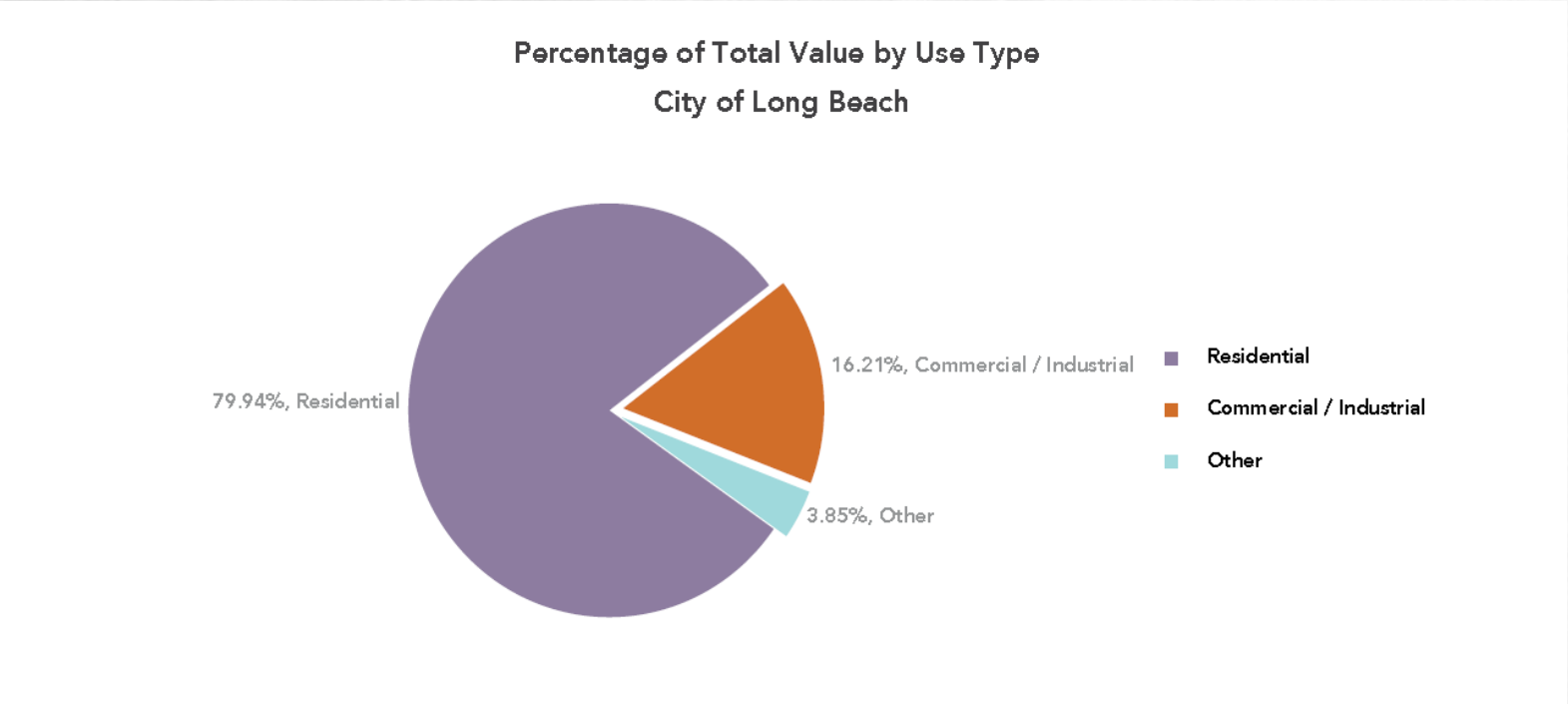
Foreclosures Reset to new Prop-13 base year values

Prop-8s do one of three… and two are bad!

1. They can return to factored base year
2. **They can go lower**
3. **They can stay flat and eventually turnover**

Example: City of Long Beach





City of Long Beach

Prepared for: CACTTC

Roll Year	Secured Assessed Value	Proposition 13 Value	Proposition 13 % of Total	Proposition 8 Value	Proposition 8 % of Total
2008-2009	$37,391,194,445	[illegible]	90.66%	$3,493,376,539	9.34%
2009-2010	$35,860,417,780	[illegible]	80.54%	$6,978,019,984	19.46%
2010-2011	$35,070,493,515	[illegible]	78.33%	$7,600,259,433	21.67%
2011-2012	$35,438,281,389	$28,071,485,264	79.21%	$7,366,796,125	20.79%
2012-2013	$36,035,642,887	$28,493,048,793	79.07%	$7,542,594,094	20.93%
2013-2014	$37,902,221,959	$30,840,386,699	81.37%	$7,061,835 [illegible]	18.63%

6%

Roll Year	Secured Parcel Count	Proposition 13 Count	Proposition 13 % of Total	Proposi[illegible]8 Cou[illegible]	Proposition 8 % of Total
2008-2009	105,273	97,596	92.71%	7,677	7.29%
2009-2010	103,814	86,797	83.61%	17,017	16.39%
2010-2011	103,853	84,869	81.72%	[illegible]984	18.28%
2011-2012	104,095	86,458	83.06%	[illegible]	16.94%
2012-2013	104,200	86,010	82.54%	18,[illegible]	17.46%
2013-2014	105,067	88,728	84.45%	16,339	15.55%

Roll Year	Proposition 13 Value Change	Proposition 13 % Change	Proposition 8 Value Change	Proposition 8 % Change
2008-2009	$13,074	3.93%	($45,539)	-9.09%
2009-2010	$8,772	2.70%	($90,928)	-18.15%
2010-2011	$445	0.14%	($44,673)	-10.04%
2011-2012	$6,579	2.07%	($11,603)	-2.70%
2012-2013	$11,272	3.54%	($22,368)	-5.12%
2013-2014	$14,771	4.45%	$15,831	3.80%

103,853	84,869	81.72%		18,984	18.28%
104,095	86,458	83.06%		17,637	16.94%
104,200	86,010	82.54%		[illegible]	17.46%
105,067	88,728	84.45%		[illegible]	15.55%
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	$6,579	2.07%		($11,603)	-2.70%
	$11,272	3.54%		($22,368)	-5.12%
	$14,771	4.45%		$15,831	3.80%

Its no longer just about “The Appeals”

-“At-Risk AV” used to be Commercial Appeals
Now… Everyone wants an appeal

-CAMA Systems were built to automatically calculate annual Residential Prop-8 values

-Army of Tax Consultants hired to help Commercial property owners file appeals

	2008 Total Value		2013 Total Value		Difference	
APN	Total Value	Use Description	Total Value	Use Description	$ Difference	% Difference
8533-009-023	$313,192,419	INDUSTRIAL	$359,459,644	INDUSTRIAL	$46,267,225	15%
5151-018-017	$231,000,000	OFFICE	$241,568,223	OFFICE	$10,568,223	5%
4334-022-081	$210,984,960	OFFICE	$141,176,232	OFFICE	($69,808,728)	-33%
4319-001-006	$189,000,000	OFFICE	$174,117,355	OFFICE	($14,882,645)	-8%
4331-023-059	$122,632,560	OFFICE	$80,313,589	OFFICE	($42,318,971)	-35%
5643-004-048	$111,000,000	OFFICE	$100,914,862	OFFICE	($10,085,138)	-9%
4134-020-026	$84,048,000	OFFICE	$68,837,000	OFFICE	($15,211,000)	-18%
2149-001-031	$78,410,000	OFFICE	$47,999,917	OFFICE	($30,410,083)	-39%
4268-001-040	$71,400,000	INDUSTRIAL	$74,666,537	INDUSTRIAL	$3,266,537	5%
4134-020-011	$70,074,000	OFFICE	$57,000,000	OFFICE	($13,074,000)	-19%
8167-037-008	$69,360,000	INDUSTRIAL	$60,000,000	INDUSTRIAL	($9,360,000)	-13%
5088-002-046	$61,640,640	OFFICE	$47,160,000	OFFICE	($14,480,640)	-23%
4328-032-016	$57,360,000	OFFICE	$43,696,800	OFFICE	($13,663,200)	-24%
4328-009-043	$56,100,000	OFFICE	$41,400,000	OFFICE	($14,700,000)	-26%
2283-011-058	$55,830,000	OFFICE	$45,009,378	OFFICE	($10,820,622)	-19%
8348-022-027	$54,723,000	INDUSTRIAL				0%
4324-033-024	$54,060,000	OFFICE	$39,000,000	OFFICE	($15,060,000)	-28%
2353-004-040	$53,040,000	OFFICE	$43,000,000	OFFICE	($10,040,000)	-19%
2160-011-023	$49,939,000	HOSPITAL				0%
2453-001-044	$49,800,000	OFFICE	$49,699,000	OFFICE	($101,000)	0%
2069-001-023	$49,550,000	OFFICE	$51,816,904	OFFICE	$2,266,904	5%
2057-001-003	$49,330,000	OFFICE	$43,607,768	OFFICE	($5,722,232)	-12%
4328-033-017	$44,961,000	OFFICE	$24,174,000	OFFICE	($20,787,000)	-46%
5507-020-049	$43,990,000	OFFICE	$37,973,000	OFFICE	($6,017,000)	-14%
5151-018-018	$43,220,000	OFFICE	$45,197,307	OFFICE	$1,977,307	5%
2276-007-033	$39,780,000	OFFICE	$28,339,819	OFFICE	($11,440,181)	-29%
4211-008-023	$39,780,000	INDUSTRIAL				0%
4343-026-009	$38,854,000	OFFICE	$28,235,245	OFFICE	($10,618,755)	-27%
2861-054-259	$38,651,370	OFFICE	$31,008,000	OFFICE	($7,643,370)	-20%
2508-027-013	$38,403,038	SHOPPING CENTERS	$29,225,609	SHOPPING CENTERS	($9,177,429)	-24%

Prop-8 Paradigm:
Same Questions, New Answers

Do you have trend data for my County/City?

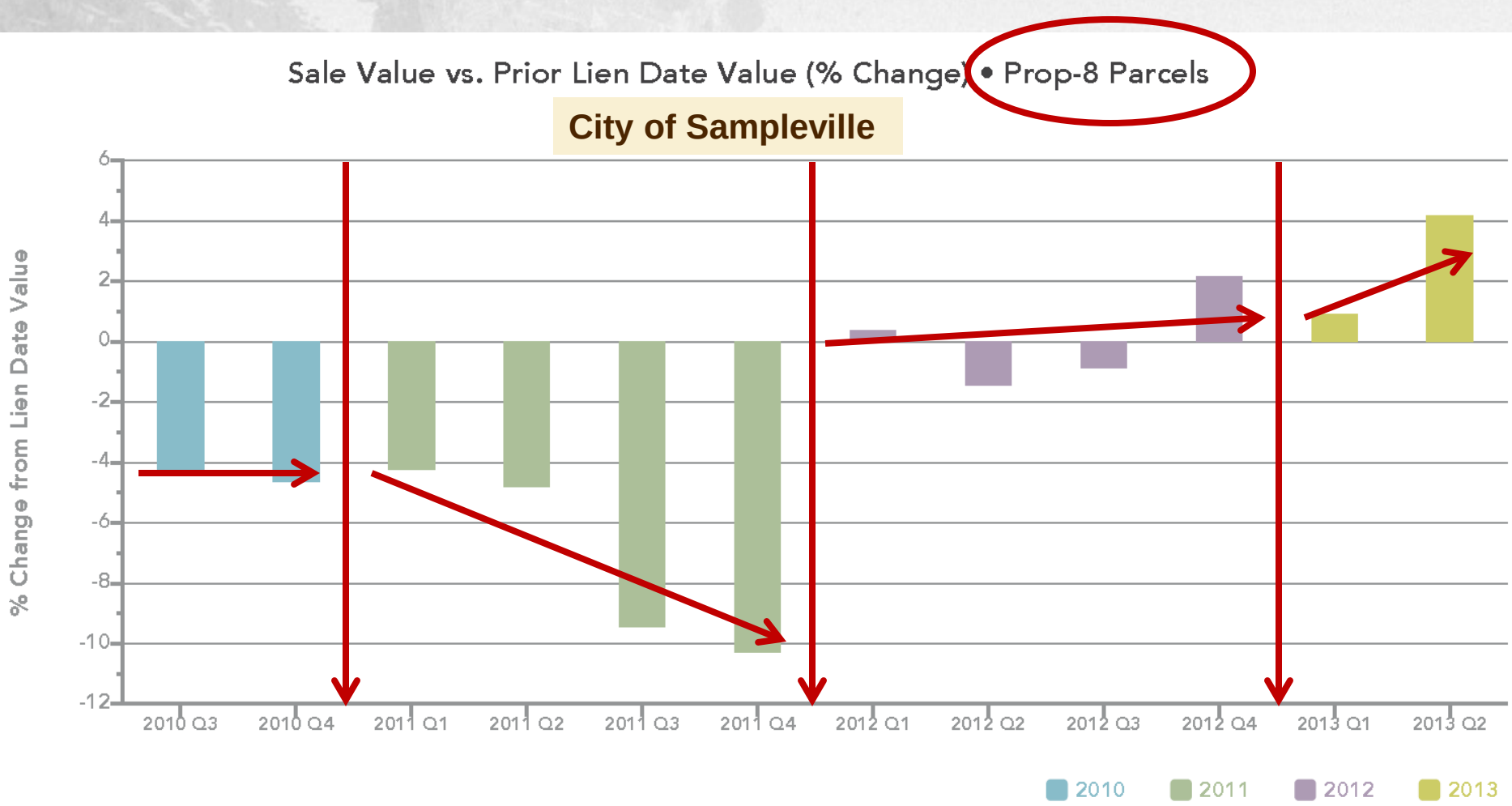
Are there specific metrics I can follow?

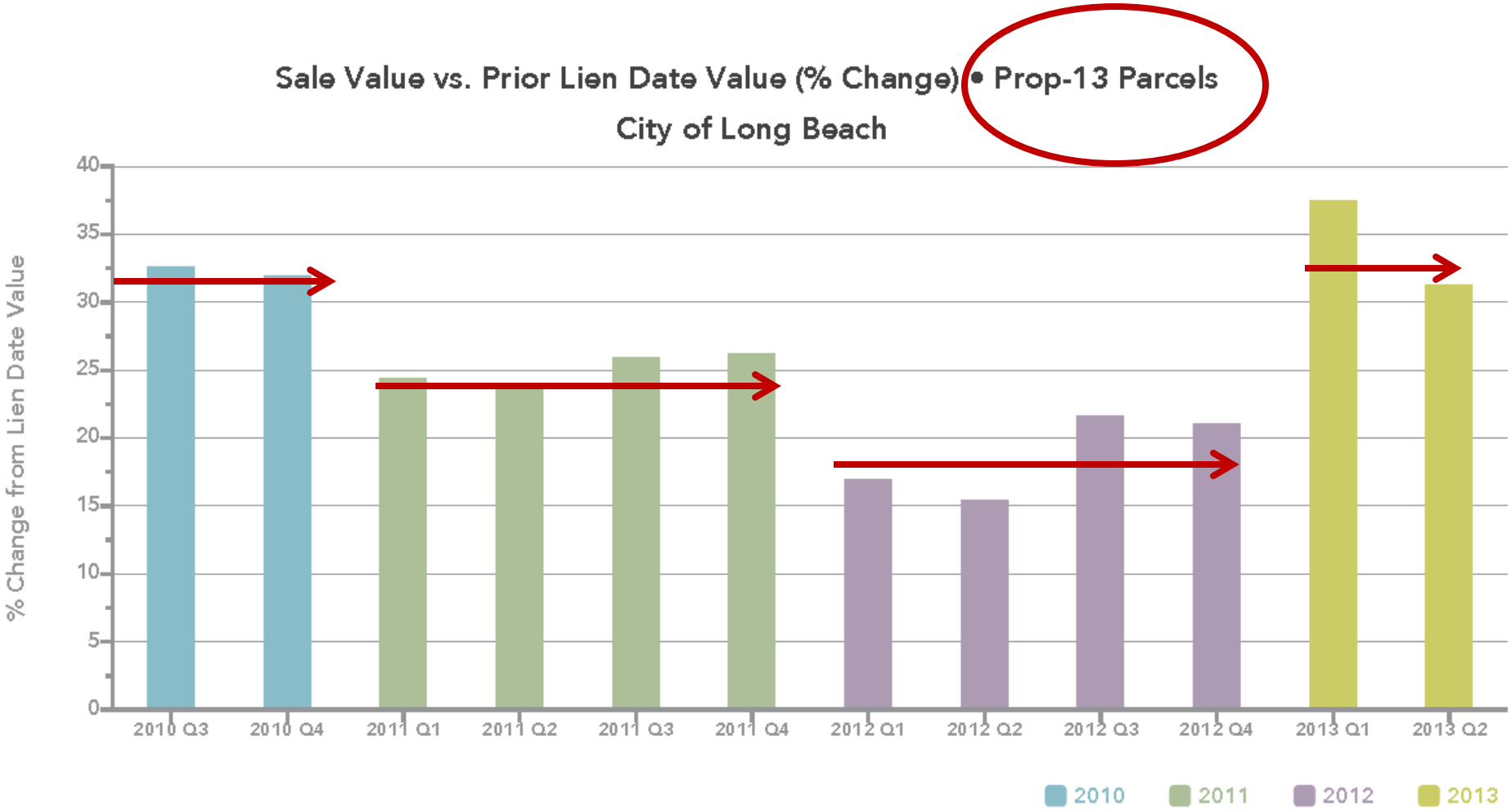
What will my AV be this year?

If the Roll Closed Today?

Example of I-TRaC Report

If The Roll Closed today…




Sale Value vs. Prior Lien Date Value (% Change) • Prop-13 Parcels
City of Long Beach
% Change from Lien Date Value
40
35
30
25
20
15
10
5
0
2010 Q3
2010 Q4
2011 Q1
2011 Q2
2011 Q3
2011 Q4
2012 Q1
2012 Q2
2012 Q3
2012 Q4
2013 Q1
2013 Q2
2010
2011
2012
2013

In the new Assessment Paradigm…

… The game has changed

PARCELQUEST

Typical Neighborhood in 2020

Bought 2009
REO Sale
Tax: $3,710

Bought 2015
Tax: $6,000

Bought 2005
Tax: $7,600

Bought 2010
Short Sale
Tax: $3,500

Thank you

Grant Mulligan

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