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The Official Newsletter of the Howard Jarvis Taxpayers Association



YOUR QUESTIONS ANSWERED

IF I REMODEL MY HOME, WILL MY PROPERTY TAXES GO UP?

Under Proposition 13, property is assessed for tax purposes at the purchase price, and the assessed value cannot be raised more than two percent per year unless there is a change of ownership or new construction.

But what constitutes “new construction” and how much will the taxes go up?

Under California property tax law, “new construction” is:

- Any substantial addition to land or improvements, including fixtures.
- Any physical alteration of any improvement, or a portion thereof, to a “like-new” condition, or to extend its economic life, or to change the way in which the improvement, or portion thereof, is used.
- Any substantial physical alteration of land which constitutes a major rehabilitation of the land or changes the manner in which it is used.
- Any substantial physical rehabilitation, renovation or modernization of any fixture that converts it to the substantial equivalent of a new fixture or any substitution of a new fixture.

Your county assessor’s office reviews permits individually and determines what is “substantially equivalent” to the old fixtures and what is assessable as new construction. If you do any remodeling, it’s a good idea to document what you’re replacing by taking photos before the work is done.

In general, remodeling and repair that are part of normal maintenance or cosmetic are not considered assessable. New additions that increase the square footage of a home or add new improvements that didn’t exist before are assessable.

So replacing your roof, oven or kitchen faucet would not raise your property taxes, but converting a garage or unfinished attic into a bedroom would.

If you disagree with a new assessment, you can file an appeal. Contact the clerk of your county board of supervisors for more information about the appeals process.

By law, some types of remodeling and new construction are exempt from reassessment. Solar panel installations are excluded from reassessment, and so is seismic retrofitting. Rebuilding after a fire or other disaster isn’t considered “new construction” for the purpose of property tax assessments.

Another important exclusion from reassessment is new construction for disabled accessibility.

Under Section 74.6 of the California Revenue and Taxation Code, the construction, installation, removal or modification of any portion or structural component of an existing building or structure that is done for the purpose of making the building or structure more accessible to, or more usable by, a disabled person, is excluded from reassessment.

However, this exclusion is not automatic. The property owner must notify the county assessor prior to or within 30 days of the completion of the project for which the exclusion will be claimed. All the documents necessary to support the claim must be filed with the assessor no later than six months after the completion of the project.

To claim the exclusion from reassessment for disabled accessibility construction, file form number BOE-63-A. It's available from your county assessor's office or website.

And here's the answer to one more question: Only the improvements will be subject to reassessment, not the entire property. The assessment on the rest of the property won't change. Remodeling will not cause you to "lose the Prop. 13" on your home.

HJTA.org is your source for everything Proposition 13 and for information valuable to California taxpayers. To join the fight to remain vigilant of the Proposition 13 protections, [click here](#) to donate.

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