

Laws, Regulations & Annotations

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PROPERTY TAXES LAW GUIDE –
REVISION 2017

REVENUE AND TAXATION CODE

Property Taxation

PART 0.5. IMPLEMENTATION OF ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION

CHAPTER 3.5. CHANGE IN OWNERSHIP AND NEW CONSTRUCTION AFTER THE LIEN DATE

ARTICLE 2. ASSESSMENTS ON THE SUPPLEMENTAL ROLL

SECTION 75.11

75.11. **Supplemental assessments.** (a) If the change in ownership occurs or the new construction is completed on or after January 1 but on or before May 31, then there shall be two supplemental assessments placed on the supplemental roll. The first supplemental assessment shall be the difference between the new base year value and the taxable value on the current roll. In the case of a change in ownership of the full interest in the real property, the second supplemental assessment shall be the difference between the new base year value and the taxable value to be enrolled on the roll being prepared. If the change in ownership is of only a partial interest in the real property, the second supplemental assessment shall be the difference between the sum of the new base year value of the portion transferred plus the taxable value on the roll being prepared of the remainder of the property and the taxable value on the roll being prepared of the whole property. For new construction, the second supplemental assessment shall be the value change due to the new construction.

(b) If the change in ownership occurs or the new construction is completed on or after June 1 but before the succeeding January 1, then the supplemental assessment placed on the supplemental roll shall be the difference between the new base year value and the taxable value on the current roll.

(c) If there are multiple changes in ownership or multiple completions of new construction, or both, with respect to the same real property during the same assessment year, then there shall be a net supplemental assessment placed on the supplemental roll, in addition to the assessment pursuant to subdivision (a) or (b). The net supplemental assessment shall be the most recent new base year value less the sum of (1) the previous entry or entries placed on the supplemental roll computed pursuant to subdivision (a) or (b), and (2) the corresponding taxable value on the current roll or the taxable value to be entered on the roll being prepared, or both, depending on the date or dates the change of ownership occurs or new construction is completed as specified in subdivisions (a) and (b).

(d) No supplemental assessment authorized by this section shall be valid, or have any force or effect, unless it is placed on the supplemental roll on or before the applicable date specified in paragraph (1), (2), or (3), as follows:

(1) The fourth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred.

(2) The eighth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred, if the penalty provided for in Section 504 is added to the assessment.

(3) The eighth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred, if the change in ownership was unrecorded and a change in ownership statement required by Section 480 or preliminary change in ownership report, as required by Section 480.3, was not timely filed.

(4) Notwithstanding paragraphs (1), (2), and (3), there shall be no limitations period on making a supplemental assessment, if the penalty provided for in Section 503 is added to the assessment.

For the purposes of this subdivision, "assessment year" means the period beginning annually as of 12:01 a.m. on the first day of January and ending immediately prior to the succeeding first day of January.

(e) If, before the expiration of the applicable period specified in subdivision (d) for making a supplemental assessment, the taxpayer and the assessor agree in writing to extend the period for making a supplemental assessment, correction, or claim for refund, a supplemental assessment may be made at any time prior to the expiration of that extended period. The extended period may be further extended by successive written agreements entered into prior to the expiration of the most recent extension.

History.—Stats. 1983, Ch. 1102, in effect September 27, 1983, substituted "May 31" for "June 30" after "before" in the first sentence of subdivision (a), and substituted "June 1" for "July 1" after "or after" in subdivision (b). Stats. 1984, Ch. 946, in effect September 10, 1984, added "In the case of . . . property", before "the second" in the third sentence of subdivision (a), and added the fourth and fifth sentences. Stats. 1992, Ch. 663, in effect September 14, 1992, added subdivisions (d) and (e). Stats. 1993, Ch. 589, in effect January 1, 1994, substituted "changes" for "change" after "multiple", substituted "or multiple . . . respect to" for "occurrences of, or new construction completions to," after "ownership", and deleted "or both" after "real property" in the first sentence of subdivision (c). Stats. 1994, Ch. 544, in effect January 1, 1995, substituted "(1) or (2)" for "(1), (2), or (3)" after "paragraph" in subdivision (d); substituted "either a . . . was completed" for "the event giving rise to the supplemental assessment occurred" after "in which" in paragraphs (1) and (2) of subdivision (d), and deleted former paragraph (3) of subdivision (d) which provided "(3) The eighth July 1 following the July 1 of the assessment year in which the event giving rise to the supplemental assessment occurred, if the change of ownership or change in control was unrecorded and a change in ownership statement required by Section 480, 480.1, or 480.2 was not filed."; and added second sentence to second paragraph of subdivision (d), "No limitations period . . . been completed." after "first day of March." Stats. 1995, Ch. 499, in effect January 1, 1996, operative January 1, 1997, substituted "January" for "March" throughout text; added "a preliminary . . . 480.3," after "or 480.2" in paragraph (1) of subdivision (d), and added "a preliminary . . . 480.3," after "or 480.2" in paragraph (2) of subdivision (d). Stats. 2000, Ch. 647 (SB 2170), in effect January 1, 2001, substituted "(1), (2), or (3)," for "(1) or (2)," after "paragraph" in the first sentence of the first paragraph of subdivision (d), added paragraphs (3) and (4) therein, and deleted the former second sentence of the second paragraph which provided, "No limitations period specified in paragraph (1) or (2) shall commence unless the filing or transmittal specified in the relevant paragraph has been completed." Stats. 2001, Ch. 407 (SB 1181), in effect January 1, 2002, substituted "the event giving rise to the supplemental assessment occurred" for "either a statement reporting the change in ownership was filed pursuant to Section 480, 480.1, or 480.2, a preliminary change in ownership report was filed pursuant to Section 480.3, or the new construction was completed" after "in which" in the first sentence of paragraph (1), substituted "eighth" for "sixth" after "The", and substituted "the event giving rise to the supplemental assessment occurred" for "either a statement reporting the change in ownership was filed pursuant to Section 480, 480.1, or 480.2, a preliminary change in ownership report was filed pursuant to Section 480.3, or the new construction was completed" after "in which" in the first sentence of paragraph (2) of subdivision (d).

Stats. 2003, Ch. 471 (SB 1062), in effect January 1, 2004, deleted "or change in control" after "change in ownership" in the first sentence of subparagraph (3) and substituted "limitation" for "limitations" after "shall be no" in the first sentence of subparagraph (4) of subdivision (d).

Note.—Section 3 of Stats. 1992, Ch. 663 stated that it is the intent of the Legislature that the amendments made to this section shall not be construed to alter in any way the application of the limitations period for escape assessments, established in Section 532 of the Revenue and Taxation Code, and interpreted in the case of *Blackwell Homes v. County of Santa Clara*, 226 Cal.App.3d 1009.

Note.—Section 21 of Stats. 1995, Ch. 499, provides that the change in the property tax lien date made by that act shall apply with respect to the January 1, 1997, lien date and each lien date thereafter.

Note.—See note following Section 75.

Note.—Section 12 of Stats. 2001, Ch. 407 (SB 1181) provided that notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Construction.—The supplemental assessment provisions of this section do no more than affect the time at which existing real property taxes are calculated and imposed, implementing Article XIII A of the Constitution, and neither impose new ad valorem taxes in violation of Article XIII A, Sections 3 or 4, nor tax property which has not been taxed in the past. *Shafer v. State Board of Equalization*, 174 Cal.App.3d 423. Unless a county places supplemental assessments on the supplemental roll within the time limitations of subdivision (d) of this section, the county is forever barred from seeking those supplemental assessments. *Montgomery Ward & Co., Inc. v. Santa Clara County*, 47 Cal.App.4th 1122.

Supplemental Assessment—Change of Ownership or New Construction.—An assessor is required to appraise property changing ownership or new construction at its full cash value on the date the change in ownership occurs or the new construction is completed. The value so determined shall be the new base year value of the property or the new construction (Revenue and Taxation Code section 75.10). A supplemental assessment is then placed on the supplemental roll representing the difference between the new base year value and the taxable value on the current roll. *Chevron USA, Inc., et al. v. County of Kern* (2014) 230 Cal.App.4th 1315.