

Dear Editor:

In most conversations with constituents, whether I am in or out of the office, speaking to a Chamber group or just having dinner in a local restaurant, I am asked how I am addressing the current state of the economy, specifically the declining values in the real estate market and their impact on Solano County. This letter provides insight into that topic.

As county assessor, my primary responsibility is to annually determine the proper taxable value for each property so the property owner is assured of paying the correct amount of property tax which supports local government. Property values in Solano County have declined significantly over the past few years.

Since January 2007, on a proactive basis, I have temporarily reduced the assessed value of more than 57,000 properties throughout the county. Most of those reductions were made on single-family homes. To a lesser degree, commercial and industrial properties also saw reductions in assessed value. Next year, I anticipate making further reductions on all types of property. Reductions to assessed value are made in accordance with law and based on market activity.

In 1978, the California voters passed two Constitutional amendments: Proposition 13, which limited the property tax rate to 1 percent of assessed value and limited future property tax increases to no more than 2 percent annually as shown in the consumer price index (CPI); and, Proposition 8, which allows a temporary reduction in assessed value when real property suffers a decline in value. Proposition 8 is the basis for current and anticipated reductions to assessed values in Solano County.

Proposition 8 reductions are a double-edged sword because reductions in assessed value result in reductions in property taxes collected. For a homeowner, a reduction in value means lower property taxes, a positive result for the homeowner. However for the counties, cities, schools, and special districts that depend on property taxes as a primary source of revenue, a reduction in value has a negative result because those agencies must find other ways to provide services with fewer tax dollars. The county assessor, however, is not a revenue officer. The assessor's duty is to treat all property owners fairly and equitably.

The law is very clear when it comes to property tax assessment: the taxable value shall be the lesser of factored base year value (Proposition 13) or market value (Proposition 8) as of January 1. The law is applied across the board regardless of whether the property is residential, agricultural, commercial, industrial, etc. Value is value. As the market recovers, the assessed values will recover as well.

There are two statewide issues that will impact Solano County. According to a recent press release from the state Board of Equalization (BOE), most California homeowners will see a slight decline in their property tax bills based on preliminary estimates of a negative CPI of approximately one quarter of one percent. This means property owners whose property was not reduced under Proposition 8 may see a reduction under Proposition 13. In another report, the BOE indicated on a statewide basis the total value of state-assessed and county-assessed property declined by 2.4 percent from the previous year. This is the first year-to-year decline in statewide total since BOE began keeping records in 1933, according to the report. In that report Solano County's decline was negative 9.7 percent.

Hopefully I have provided answers to some of your readers' questions. As elected assessor/recorder, it is my privilege to serve the citizens of Solano County. Since taking my oath of office in June 2006, I have not wavered from my pledge and will continue to remain accountable to YOU.

I thank you for your time and I appreciate your continued support.

Marc C. Tonnesen
Solano County Assessor/Recorder