

What happens to the assessed value of my property when there is new construction?

Reassessment of a property is required any time new construction occurs (Section 71, Revenue and Taxation Code). Thus, new construction, when not considered normal maintenance or repair, is assessable if it adds value to the property. The market value (not necessarily the cost) of the addition or other "new construction" is determined by the assessor and added to the existing property assessment. The value of the existing property is not affected.

New construction that adds value to the property represents the incremental value added to the existing property and will generate a supplemental assessment. The previously existing property, however, is **not** reappraised; its assessed value will not change except for the annual inflation adjustment of up to two percent.

It is important to note that the county assessor, by law, is required to value all new construction, even if a building permit has not been issued. However, not every building permit for new construction results in reassessment. In general, the Placer County Assessor's Office processes thousands of building permits annually, yet less than half result in supplemental assessments.



“Commencement of construction is defined as the performance of physical activities on the property which result in visible changes.”

-Assessor's Handbook Section 410 - Assessment of Newly Constructed Property

Additional Information:

For questions regarding the Revenue and Taxation Code and the legislative framework surrounding property taxation, visit the California State Board of Equalization website:

- www.boe.ca.gov

For questions specific to the taxation of new construction, consult the *Assessor's Handbook Section 410, Assessment of Newly Constructed Properties*:

- www.boe.ca.gov/proptaxes/pdf/ah410.pdf

For questions about the assessment appeals process or to file an assessment appeal, contact the Placer County Assessment Appeals Board:

- **Phone:** (530) 889-4020
- **Web:** placer.ca.gov/bos/clerk/property-tax-assessment-appeals

We Are Here to Help!

The Placer County Assessor's Office understands that property taxation can be a confusing process. Our staff is available Monday through Friday 8:00 am – 5:00 pm to answer your questions and help guide you through the assessment cycle.

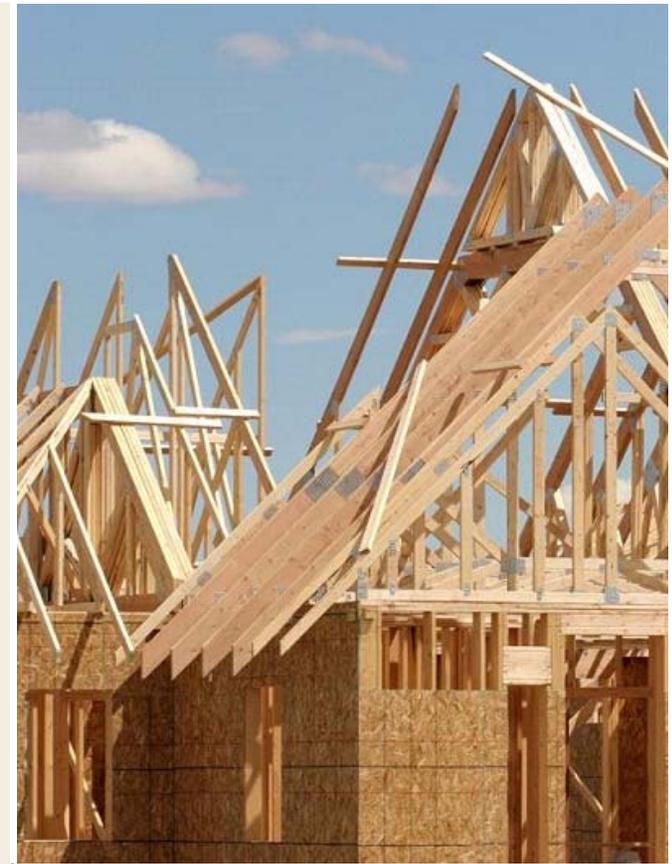
Contact the Placer County Assessor's Office:

- **Phone:** (530) 889-4300
- **Email:** assessor@placer.ca.gov
- **Web:** placer.ca.gov/departments/assessor

Auburn Office
2980 Richardson Dr.
Auburn, CA 95603

Tahoe Office
775 N Lake Blvd., Suite 204
Tahoe City, CA 96145

Roseville Office
10810 Justice Center Dr., Suite 190
Roseville, CA 95678



Frequently Asked Questions:

New Construction and Your Assessed Value



Assessor's Office

Will my project qualify as assessable new construction?

Typically qualifies as new construction:

- Additions to existing improvements;
- Increasing the square footage of a home;
- Converting an unfinished basement or attic into a living area;
- Adding a garage, sunroom, enclosed patio, or elevator;
- Adding a swimming pool, spa, sauna, patio, or deck;
- Demolition of an existing structure (value may be removed);
- Bathroom – the addition of one, structural changes, upgrading of plumbing and/or electrical systems, changing the floor plan, increasing the size, replacing cabinets, countertops, flooring or fixtures *with upgraded material and finishes*;
- Kitchen – structural changes, upgrading of plumbing and/or electrical systems, changing the floor plan, increasing the size, replacing cabinets, countertops, flooring or built-in appliances *with upgraded material and finishes*;
- Taking an entire house or a portion of the house down to studs;
- A change in use (for example, converting from industrial to residential use or converting storage space to habitable space);
- Upgrading the capacity of plumbing or electrical systems (for example, increasing electrical capacity from 110 volts to 220 volts).

Typically does not qualify as new construction:

Replacement of:

- Central heating and cooling system, or replacement of wall or floor heating with baseboard heaters;
- Galvanized waterlines with copper or plastic waterlines;
- Wood-framed windows with energy efficient metal or aluminum frames;
- Dry rot or termite damaged joists, studs, rafters, stairway, and/or exterior siding;
- Molding strips, plaster, drywall, and wall paneling *with similar substitute materials*;
- Wall or floor coverings;
- Kitchen or bathroom cabinets, countertops, flooring, fixtures, or built-in appliances *with items of similar quality*;
- An electrical fuse box with circuit breakers;
- Doors, windows, stairs, fences or decks or repairing thereof;
- Roof cover with material of similar quality;
- Existing well or septic system;
- Rebuild after a fire, flood, or natural disaster.



“The assessor shall determine the new base year value for the portion of any taxable real property which has been newly constructed.” Section 71, CA Revenue and Taxation Code

What is new construction?

Under California property tax law, "new construction" is defined in four general categories:

- 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.



How did the county assessor become aware of my new construction? >>>

The county assessor becomes aware of such new construction because copies of all building permits issued by a county or city are required to be sent to the county assessor. Discovery of new construction can also occur in a variety of other ways, such as that reported at the time a property transfers ownership, information volunteered by the public, or personal observation by county assessor's staff performing routine field checks.

What if I don't agree with the assessed value placed on my new construction? >>>

You may request an informal review of the assessment from the Placer County Assessor's Office. If the review does not result in a satisfactory conclusion, you may pursue an assessment appeal. As with a change in ownership or any newly assessed values, you have the right to appeal the value if you feel that the assessed value exceeds the market value of your new construction. The assessment appeal process is available for disagreements regarding the enrolled value of the property. An independent assessment appeals board from your county hears all appeals and renders a decision. Information concerning the assessment appeals process and deadlines in which an appeal must be filed are included with the value notification(s) sent by the Placer County Assessor to the property owner. To learn more about assessment appeals, or to file an appeal with the Placer County Assessment Appeals Board, visit www.placer.ca.gov/bos/clerk/property-tax-assessment-appeals.