



Under Proposition 13, property tax value was rolled back and frozen at the 1976 assessed value level. Property tax increases on any given property were limited to no more than 2% per year as long as the property was not sold. Once sold, the property was reassessed at 1% of the sale price, and the 2% yearly cap became applicable to future years. This allowed property owners to finally be able to estimate the amount of future property taxes, and determine the maximum amount taxes could increase as long as he or she owned the property.

Specific Features of Proposition 13

- 1** One Percent Rate Cap. Proposition 13 capped, with limited exceptions, ad valorem property tax rates at one percent of full cash value at the time of acquisition.
- 2** Assessment Rollback. Proposition 13 rolled back property values for tax purposes to their 1976 level.
- 3** Responsibility for Allocating Property Tax Transferred to State. Proposition 13 gave state lawmakers responsibility for allocating property tax revenues among local jurisdictions.
- 4** Reassessment Upon Change of Ownership. Under Prop. 13, the property is assessed for tax purposes only when it changes ownership. As long as the property is not sold, future increases in assessed value are limited to an annual inflation factor of no more than 2%.
- 5** Vote Requirement for State Taxes. Proposition 13 requires any measure enacted for the purpose of increasing state revenues to be approved by a two-thirds vote of each house of the legislature.
- 6** Voter Approval for Local "Special" Taxes. Proposition 13 requires taxes raised by local governments for a designated or special purpose to be approved by two-thirds of the voters.

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