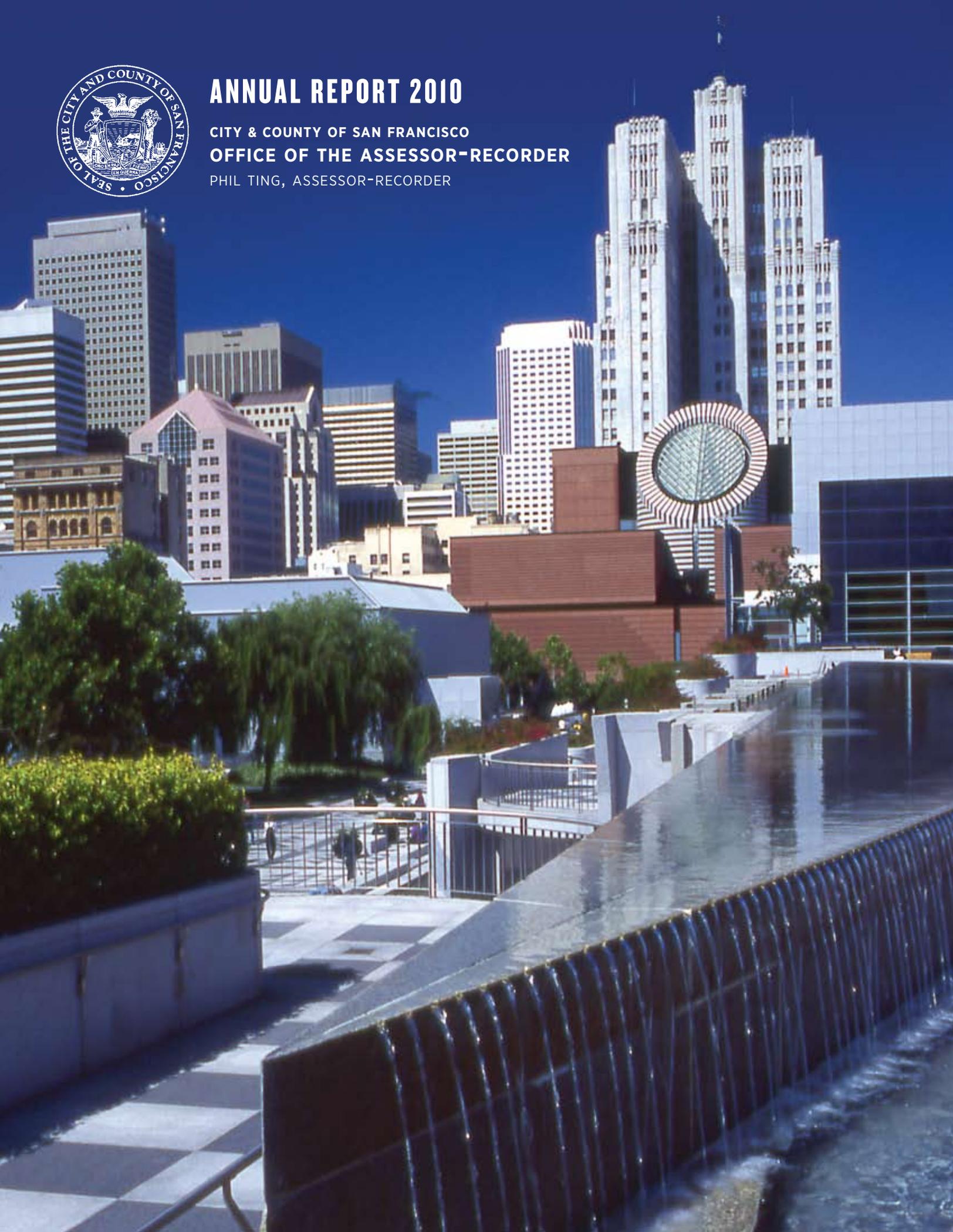




# ANNUAL REPORT 2010

CITY & COUNTY OF SAN FRANCISCO  
**OFFICE OF THE ASSESSOR-RECORDER**  
PHIL TING, ASSESSOR-RECORDER





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## MESSAGE FROM THE ASSESSOR-RECORDER

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This Annual Report details the real estate economy, property tax assessments, and recorded activity in the City and County of San Francisco (CCSF). For the first time since the passage of Proposition 13 in 1978, the California Consumer Price Index, which measures the change in the cost of goods and services, was negative and reduced all assessments statewide. This means every property owner in the state could receive a small tax break. Despite this and the statewide trend of declining roll values, San Francisco's assessment roll actually increased approximately 5% from \$150.9 billion the previous year to \$158.5 billion as of July 30, 2010.

At a time when government budgets are uncertain, our office is focused on fairly capturing all revenues owed to the City. The efforts of our office to work through previous changes in ownership, capture transfer tax from unrecorded transactions, and assess new construction are all reflected in the increase of the 2010 assessment roll. The \$211 million in additional tax dollars generated from supplemental and escape assessments were particularly important this year because they preserved vital services such as transportation, schools, and public safety that would have otherwise been cut to balance the City's budget. These services are crucial to the high quality of life that makes our City great. We will continue to ensure property is fairly assessed in an uncertain market and work diligently to help close the City's forecasted budget deficit.

Throughout my five years in office, I am proud of the improvements we have made and our ability to come in under budget each year. Our professional team of public service staff, appraisers, personal property auditors, and administrative staff continually seek to provide the best possible public service and ensure property values are accurately assessed. This year, for example, we reviewed 20,732 properties and determined that temporary assessment reductions were warranted for 87% of them. For a single family residence that received a temporary reduction, the average tax savings was \$1,700. In addition, we increased our outreach efforts to homeowners facing foreclosure, alerted the public to tax reduction and real estate scams, and provided translated materials to non-English speakers. I am also pleased with the work we have done with our partners in City government and non-governmental stakeholders to increase the number of rooftop solar installations in San Francisco.

Although we anticipate another challenging year ahead and face an historic increase in the number of assessment appeals, I have the utmost confidence that our professional staff will continue to be responsive to the public, seek new ways to improve operations, and exceed expectations. Thank you for your interest in the Office of the San Francisco Assessor-Recorder, and please do not hesitate to contact our office with questions or suggestions.

*Sincerely,*



**Phil Ting**

## REAL ESTATE MARKET SNAPSHOT

The Bay Area real estate market in FY 09-10 saw downward pressure on property values but fared better than national markets. The high unemployment rate and continued weakness in the labor market will limit the pace of the real estate market's recovery regionally. San Francisco's residential market has shown signs of stabilizing and rebounded as measured by price increases in some areas. Our real estate economy has fared better than most other counties in California because of its desirable location, educated workforce, and a sense that the retreat in prices has opened up buying opportunities rarely available. The real estate picture for FY 10-11 remains mixed with much depending on the strength of the overall economic recovery.

The median price for all new and resale San Francisco houses and condos in June 2010 was \$800,000, up 4.6% from June 2009. In FY 09-10, San Francisco added 1,013 single family residential parcels to the assessment roll and saw an

increase in average assessed value of 2.18% compared with the prior fiscal year. Over the past five years, the average increase in assessed value for these parcels was 6.2%.

While there was an increase in housing values in San Francisco, foreclosure information shows that borrowers across the City are having trouble making mortgage payments. The 2,538 notices of default recorded in our office in FY 09-10 were up 14% from the 2,229 recorded in the previous fiscal year. Trustee deeds, which represent homes sold at auction, were up 10% from the previous fiscal year. In addition, DataQuick reports the number of homes sold across the San Francisco Bay Area in June 2010 declined 3.1% compared to June 2009, although federal and state tax credits boosted transaction earlier in spring 2010.

The commercial real estate market in San Francisco is slowly recovering from significant declines, perhaps based on the belief that the market has bottomed, but uncertainty about

longer-term prospects for growth remains. The first quarter of 2010 saw more companies increase their occupancy for the first time in the past seven quarters according to Colliers International. There are, however, continuing challenges, according to Tri Commercial Real Estate, with some large office properties, such as One Sansome and Foundry Square One, taken back by their lenders, and businesses unwilling to increase employment or expand until growth is more certain. Presently, landlords are generous in their offers to tenants offering free rent, tenant improvements and a moving allowance and will likely seek long terms deals. In a positive development, 333 Market Street sold in June 2010 for \$333 million or about \$507 per square foot. According to Jones Lang LaSalle, this is the highest price paid for a property since the recession began.



## AREAS OF ASSESSMENT ROLL GROWTH

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At the close of San Francisco's 2010 roll on June 30, 2010, the total assessment roll grew by \$7.6 billion to \$158.5 billion, from \$150.9 billion the previous year. Unlike most other counties in California, our roll increased by 5.06% from the previous year; however, this represents the lowest percent increase in the local roll in the past ten years.

The development of new properties and the enrollment of new acquisition values of existing properties drive increases in our assessment roll. Higher property values mean more property tax revenue for San Francisco. As demonstrated by the map on page 5, the areas with the largest growth in value continue to be those where the City is investing in rebuilding and redeveloping neighborhoods.

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*The areas of the city with largest increase in real property assessed value from July 1, 2009 to June 30, 2010 are below:*

**SOUTH OF MARKET - VOLUME 25**

- 2010: \$ 23,597,618,720
- 2009: \$ 21,157,581,247
- Percentage Change: 11.53%

**MISSION BAY, LAKESIDE, DIAMOND HEIGHTS - VOLUME 44**

- 2010: \$ 6,067,651,855
- 2009: \$ 5,525,973,168
- Percentage Change: 9.80%

**POTRERO - VOLUME 26**

- 2010: \$ 1,901,107,277
- 2009: \$ 1,735,172,215
- Percentage Change: 9.56%

**EMBARCADERO - VOLUME 2**

- 2010: \$ 7,193,214,180
- 2009: \$ 6,580,781,046
- Percentage Change: 9.31%

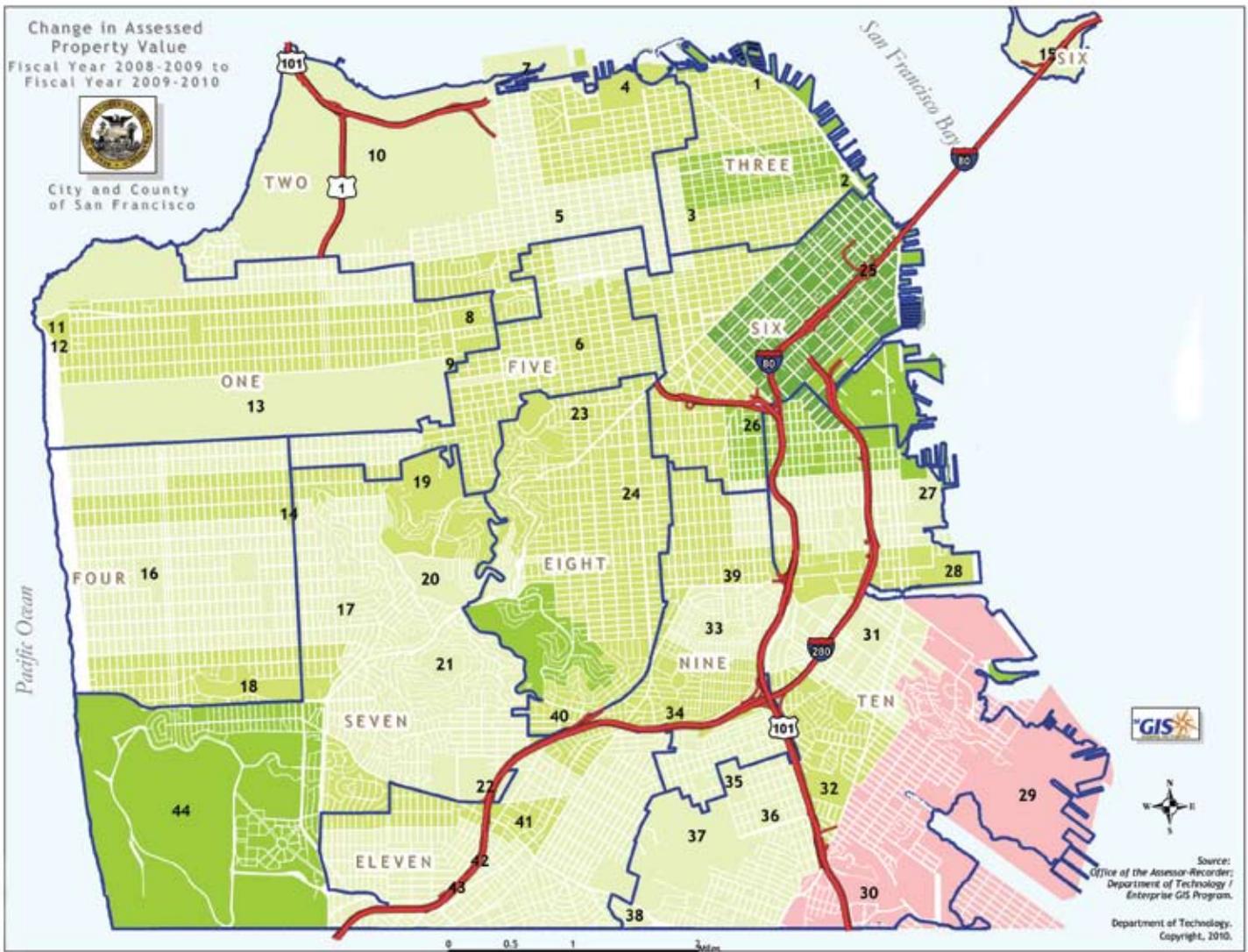
**OUTER MISSION - VOLUME 34**

- 2010: \$ 1,054,557,328
- 2009: \$ 1,010,760,704
- Percentage Change: 4.33%

**HAIGHT-ASHBURY - VOLUME 9**

- 2010: \$ 3,472,157,175
- 2009: \$ 3,337,069,469
- Percentage Change: 4.05%

# ASSESSMENT ROLL GROWTH



- Supervisorial Districts
- Change in Assessed Value by Vol #
- Pct Change FY2009 to FY2010
- Greater than 12.5%
- 10% to less than 12.5%
- 7.5% to less than 10%
- 5% to less than 7.5%
- 2.5% to less than 5%
- 0% to less than 2.5%
- 2.5% to less than 0%
- Less than -2.5%

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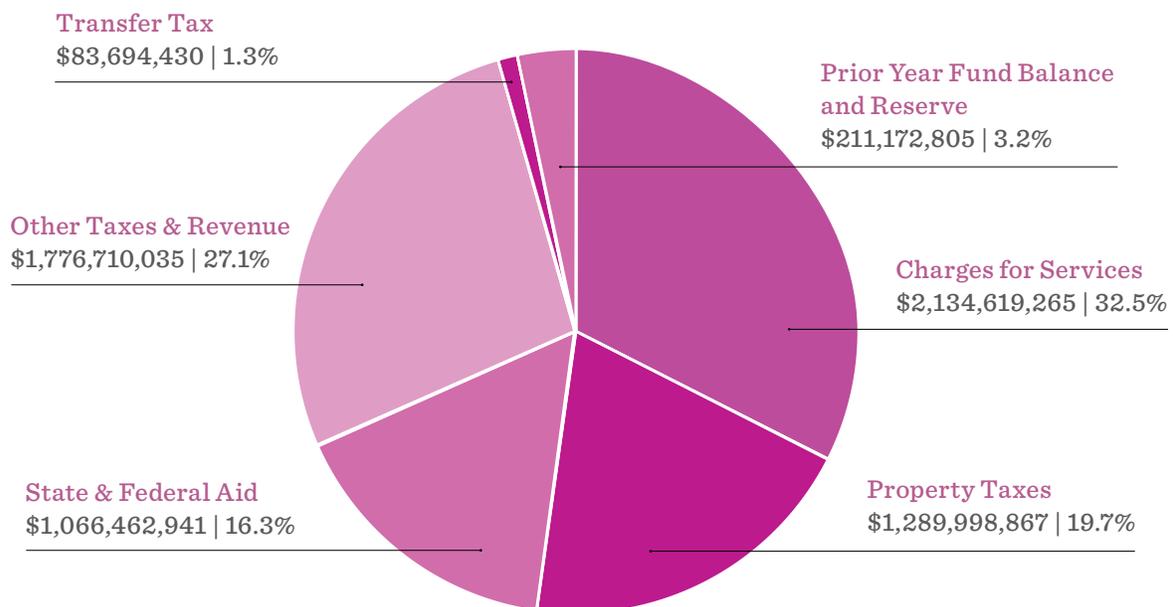


## REVENUE

The Assessor-Recorder is responsible for locating all taxable property in the CCSF, identifying ownership, establishing a taxable value, and applying all legal exemptions. We are also responsible for recording legal documents that determine ownership of real property as well as maintaining, indexing and issuing copies of all recorded documents such as public marriage records. All functions of the office are conducted under provisions of the State Constitution, State and County Codes.

In FY 10-11, budgeted property tax accounts for 19.7% of all funds revenue and 33.2% of general fund revenue, which highlights the importance of our office. This year we were able to work a significant number of previous transactions that produced additional revenue over our budgeted numbers, which helped the City pass a balanced budget as required by law, and prevented cuts to important municipal services. In an effort to preclude budget reductions to city services, we diligently ensure that every tax dollar owed to the city is identified.

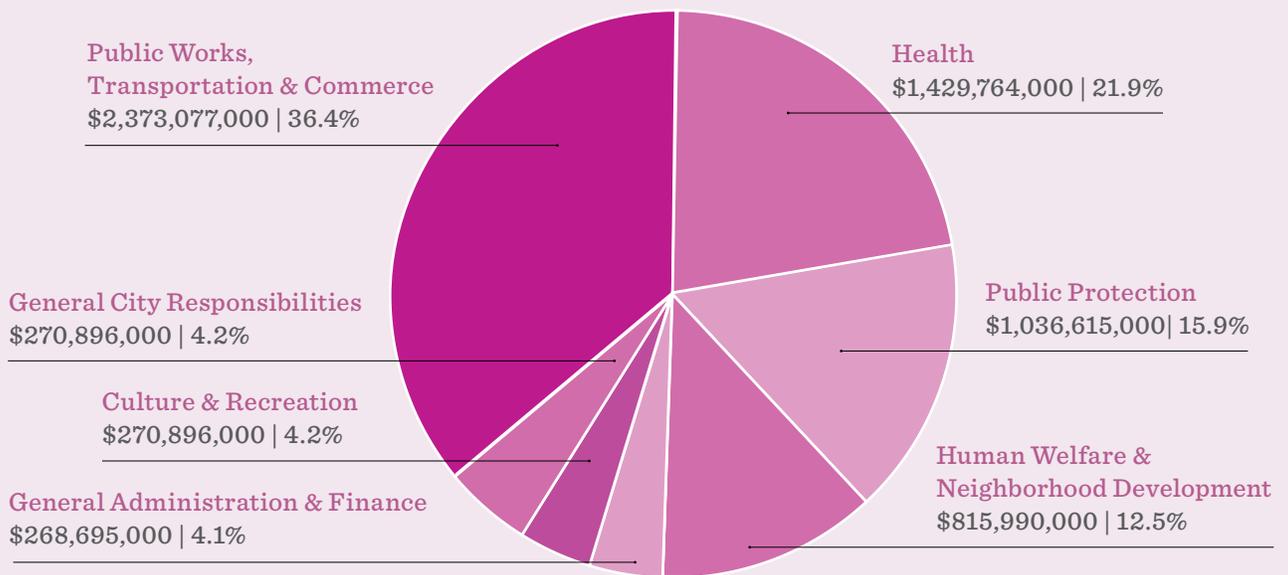
### BREAKDOWN OF CCSF REVENUE SOURCES



## THE CCSF BUDGET

Similar to other California counties, CCSF serves a dual role. We provide a vast array of municipal services to residents, including roads, parks, law enforcement, emergency response services, and libraries. We also serve as a delivery channel for many State of California services, such as foster care, public health care, law enforcement, and elections.

### BREAKDOWN OF CCSF EXPENSES



The majority of CCSF spending is allocated into four broad categories: public safety, public works and transportation, public health, and welfare and community development. CCSF spending in the areas of public health and services for the poor and homeless is indicative of the pride the City has in taking care of our most vulnerable citizens.

*How Much Revenue does the Assessor-Recorder Generate?***ASSESSMENT ROLL**

The 2010-11 assessment roll grew to \$158.5 billion. This includes the reduction from the -.237% California Consumer Price Index and temporary Proposition 8 reductions. The total estimated tax revenue from the 2010-11 assessment roll is approximately \$1.84 billion.

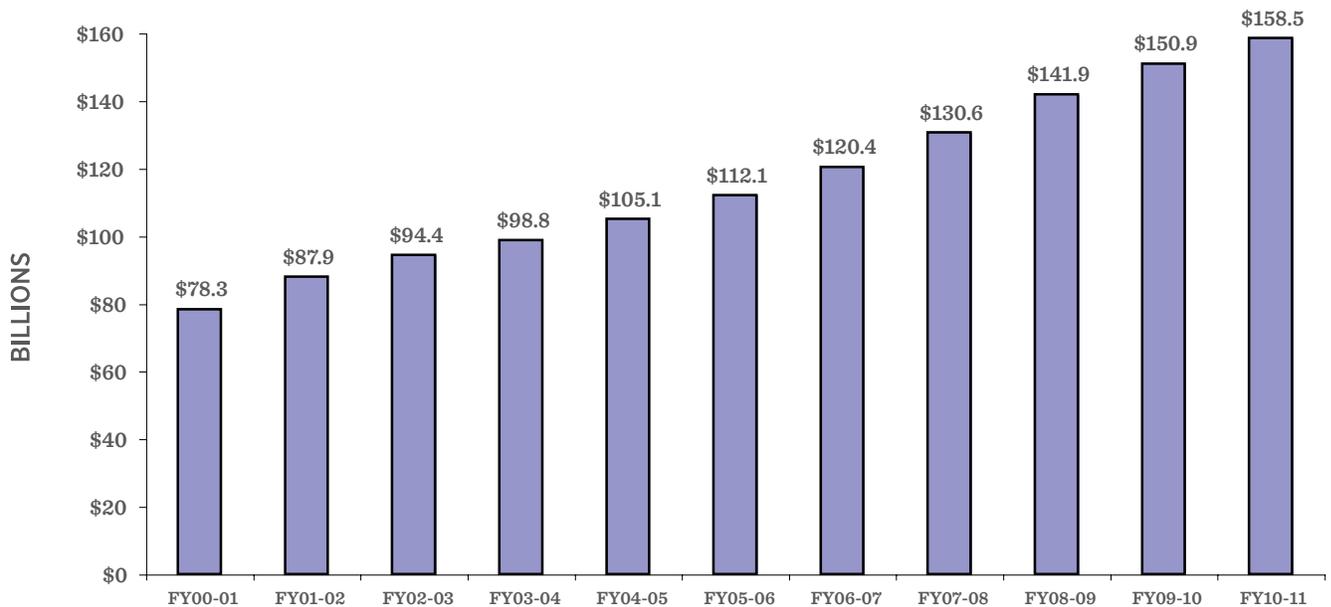
**ASSESSMENT ROLL SUMMARY**

DESCRIPTION	JUNE 30, 2010	JUNE 30, 2009	%CHG.
SECURED ROLL	\$151,075,170,111	\$144,773,014,963	4.4%
UNSECURED ROLL	\$9,900,680,430	\$9,632,973,700	2.8%
SBE ROLL	\$2,394,558,930	\$2,100,927,324	14.0%
LESS: EXEMPTIONS	(\$4,848,892,089)	(\$5,623,150,808)	-13.8%
<b>BASIS OF LEVY</b>	<b>\$158,521,517,382</b>	<b>\$150,883,765,179</b>	<b>5.1%</b>

We are fortunate that our roll value continues to increase. This growth illustrates that despite national and regional economic challenges in the real estate economy, our property tax base remains strong. Over the past ten years, we have historically seen an annual average increase of 7.5% in our total roll value due to a strong real estate market and the 2% inflation annual increase allowed under Proposition 13. Even with over 18,000 property owners receiving a temporary reduction, we were one of only three California counties whose local roll increased by more than one percent.

The assessment roll has increased by more than \$46 billion over the past five years. During FY 09-10, the value of assessed property increased by over \$7.5 billion. This increase is a testament to the strength of our real estate market as well as the hard work and dedication of our staff.

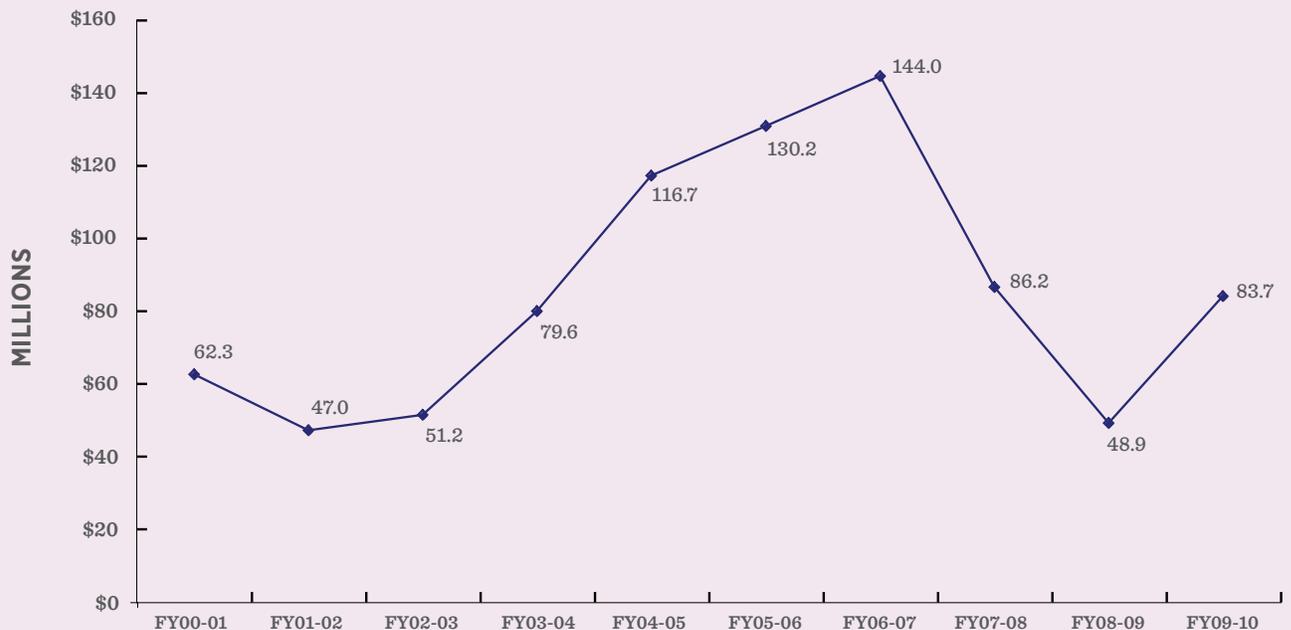
### 10 YEAR ASSESSMENT ROLL HISTORY



## TRANSFER TAX REBOUND

Transfer tax is imposed on each deed, instrument, or writings for land, tenements, or other realty sold within the CCSF for recorded and unrecorded transactions. Because transfer tax is tied to the exchange of properties and their value, it is a volatile revenue source dependent on the real estate economy. This year saw a significant increase in real estate activity and as a result we collected \$83.7 million in transfer taxes, a significant increase from the \$49 million collected the previous fiscal year. *Part of this increase was due to our office's close examination of transactions, which resulted in \$9.9 million in collections from unrecorded and under-reported real estate transactions.* This represents almost 12% of the total transfer tax collected this year. The \$38.4 million of transfer tax revenue over the budgeted \$45.3 million was additional revenue that helped CCSF close its budget deficit and pass a balanced budget.

### TRANSFER TAX REVENUE HISTORY

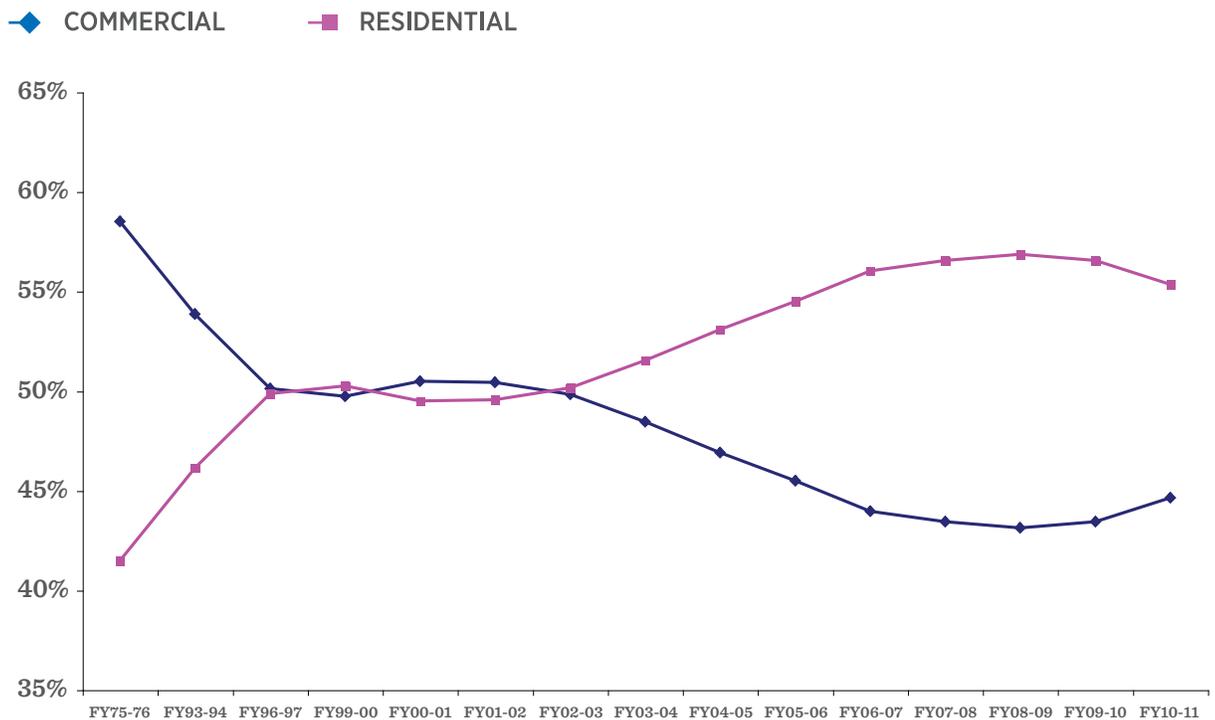


## RESIDENTIAL VS. COMMERCIAL TAX BURDEN

From 1975 to today, the ratio of residential parcels to commercial parcels in San Francisco has remained essentially unchanged. However, the share of property taxes has shifted from commercial to residential property owners. Currently, commercial properties contribute 45% of property taxes while home owners contribute 55%. Generally, the commercial property figures include income-producing properties, while the residential property figures represent owner-occupied properties.

The passage of Proposition 13 in 1978 limits the annual real estate tax on parcels to 1% of their respective assessed values plus local debt service and limits the increase of a property's assessed value to no greater than 2% per year or the current rate of inflation, whichever is less. Furthermore, a property is not reassessed unless it undergoes a change in ownership or there is new construction.

### SHARE OF PROPERTY TAX BURDEN



## LARGEST ASSESSEES

The table below shows the name and location of the largest assessees in San Francisco, the type of property, and the total assessed value.

### TOP TEN PROPERTY ASSESSEES

ASSESSEE	LOCATION	TYPE OF BUSINESS	ASSESSED VALUE
Paramount Group Real Estate Fund	1 Market Street	Commercial Office	\$1,304,371,973
HWA 555 Owners LLC	555 California Street	Commercial Office	\$897,709,333
Mission Street Development LLC	301 Mission Street	Multi-Family Residential	\$595,211,662
California Pacific Medial Center	2333 Buchanan Street	Commercial Hospital	\$543,545,941
Emporium Mall LLC	845 Market Street	Commercial Retail	\$446,332,487
333 Market Street LLC	333 Market Street	Commercial Office	\$384,035,672
SHC Embarcadero LLC	4 The Embarcadero	Commercial Office	\$380,622,666
SHR St. Francis LLC	301-345 Powell St	Commercial Hotel	\$375,896,440
Post-Montgomery Associates	165 Sutter Street	Commercial Retail	\$369,447,061
Post-Montgomery Associates	1 Hilton Square	Commercial Hotel	\$366,878,434
<b>Total Taxable Assessed Valuation - All Above Assesseees</b>			<b>\$5,664,051,669</b>

## TITLE PROPERTY TYPES

San Francisco has over 200,000 parcels that comprise its assessment roll and the majority of these, nearly 70%, are single-family parcels. However, as the table below shows, no single property type accounts for a majority of the overall roll value. The three largest shares of the assessment roll are single-family residential (47%), multi-family residential (20%), and commercial office (16%). The table also lists the percentage change in roll value for each property type as compared to the previous year.

### REAL PROPERTY ASSESSMENT ROLL BY PROPERTY TYPE

PROPERTY TYPE	ROLL VALUE			PARCELS	
	Amount (in \$)	% Growth	% of Total	Count	% of Total
Single-Family Residential	\$69,727,854,806	2.3%	46.9%	139,918	69.8%
Multi-Family Residential	\$29,633,058,329	4.5%	19.9%	35,842	17.9%
Commercial - Hotel	\$5,498,879,080	-0.3%	3.7%	737	0.4%
Commercial - Misc	\$6,246,652,092	9.5%	4.2%	9,676	4.8%
Commercial - Office	\$23,728,176,683	12.1%	16.0%	1,490	0.7%
Commercial - Retail	\$7,854,432,274	2.3%	5.3%	3,707	1.9%
Industrial	\$2,914,103,210	7.0%	2.0%	2,397	1.2%
Others/Miscellaneous	\$2,941,650,398	4.9%	2.0%	6,010	3.0%
Government	\$93,147,470	-2.5%	0.1%	632	0.3%
<b>Total</b>	<b>\$148,637,954,342</b>			<b>200,409</b>	

## BACKLOG REDUCTION

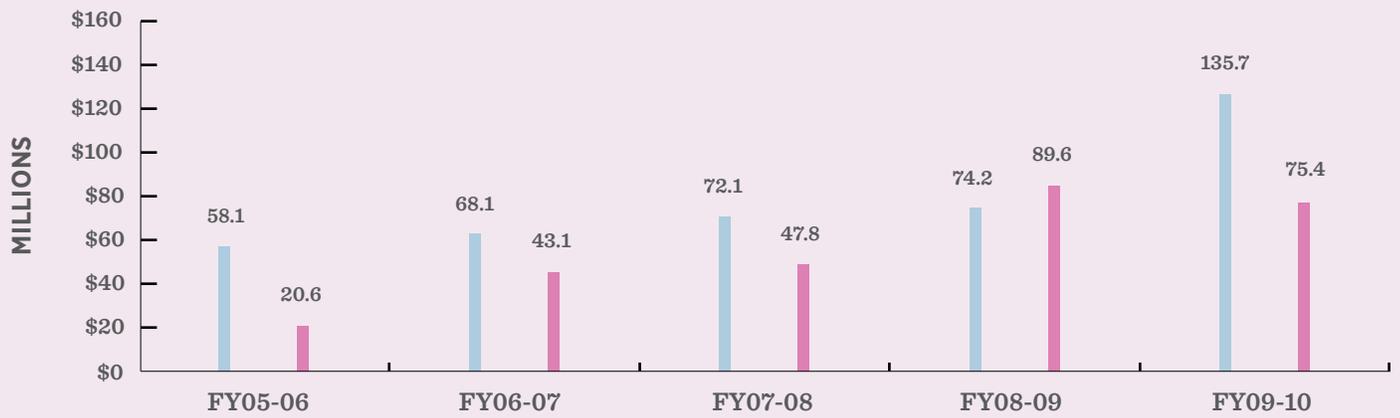
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Over the past five fiscal years, we have focused on expediting the processing and evaluation of supplemental and escape assessments to reduce the number of prior year transactions in the Department's backlog. Unprocessed supplemental and escape assessments (i.e. the "backlog") result when properties have undergone an assessable change in ownership or new construction, but have not been reappraised before the closing of that fiscal year's roll. Thus, these properties have escaped assessment in the fiscal year that the event occurred.

New supplemental and escape assessment revenue will total approximately \$211 million in FY 09-10, with over \$75 million in supplemental revenue and over \$135 million in escape assessment revenue. This represents a 29% increase in revenue compared to FY 08-09. This revenue growth is attributable to the continued progress that our Department is making in processing the backlog of changes in ownership and new construction. As the backlog continues to be reduced over time, the revenue generated from it will decline, but this should be viewed as a positive development indicating that more and more assessable events are being assessed within the fiscal year that they occurred.

### SUPPLEMENTAL & ESCAPE REVENUE

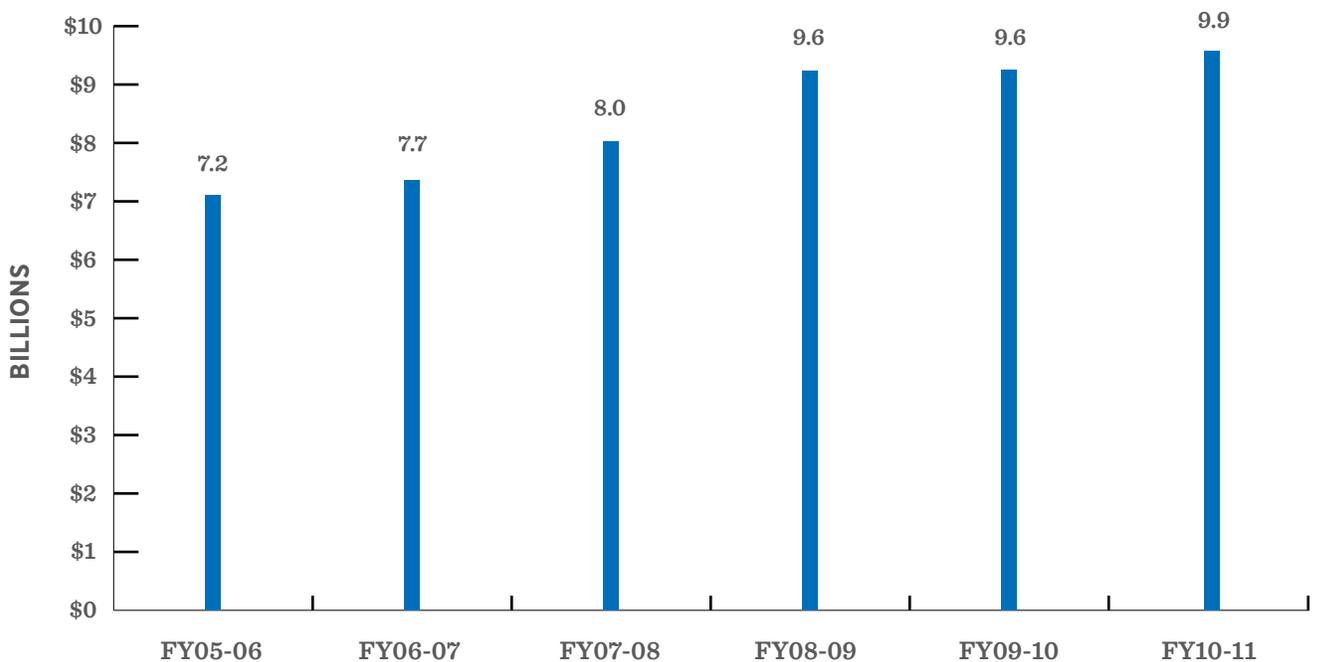
■ Supplementals ■ Escapes



## UNSECURED ROLL

As a major contributor to roll growth, the 2010-11 unsecured assessment roll increased by 2.8% over the previous year. The unsecured roll is composed of property and possessory interest on which taxes are not secured by real estate and includes marine and vessels leases, aircraft, and business personal property. The increase in the unsecured roll was due to growth in small and large commercial businesses and their acquisition of more personal property. It is also due to the hard work of our staff and their efforts to capture new revenue.

### 2009 ROLL HISTORY



## BUSINESS PERSONAL PROPERTY DIVISION

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Our Business Personal Property (BPP) division conducts routine audits on a pool of accounts representing more than 37,000 City businesses paying personal property tax on unsecured assets. BPP generates nearly 6% of the total revenue from our Office for the City. The hard work of our division staff resulted in approximately \$100 million in tax revenue during FY 09-10.

In this time of deficits at all levels of government - federal, state and local – we constantly strive to do more with less. Additionally, we seek to ensure that we are more effective at assessing all assessable property. During FY 09-10, BPP worked diligently to generate more revenue for the City by continuing to coordinate with the County Treasurer & Tax Collector (Tax Collector). As a result of this effort, we added 6,800 new businesses to our accounts database and mailed the relevant forms as the first step in assessing business personal property tax on these new businesses.

To provide excellent customer service to the public, BPP began instituting “How to Fill Out the Business Statements (571-L’s) Workshops” about three years ago. These workshops assist taxpayers who are either new to filing 571-L’s or are in need of a refresher course. Every year, we hold two sessions at different times, and on different dates to accommodate businesses that have different operational hours. These workshops are well attended and much appreciated by taxpayers.

This year, we produced a video tape of one of the workshop sessions that we plan on uploading to our website for all interested parties to view.

## RECORDER DIVISION

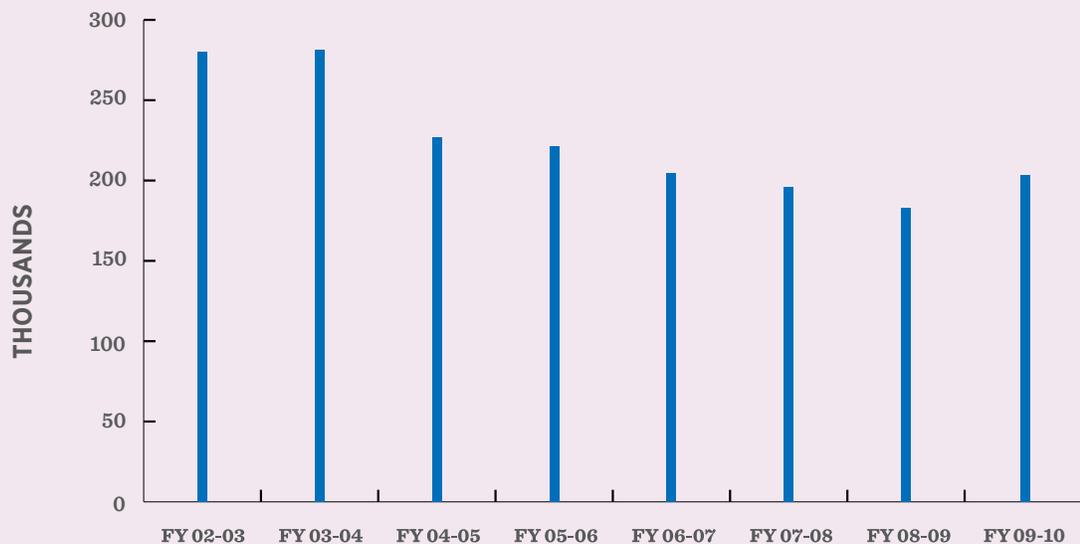
With a staff of only seven examiners, four indexers, and three microfilm technicians, the San Francisco County Recorder Division remarkably managed to produce an increase in transfer tax revenue in FY 09-10 and record 202,197 documents. This year's official document total represents a 11% increase over last year and reflects more real estate activity.

In FY 09-10, the Recorder recorded 13,111 documents subject to documentary transfer tax. It was the highest number of such documents ever recorded. The transfer tax revenue generated from these recordings was \$83.7 million.

Approximately \$14.3 million in transfer tax revenue was collected in June 2010 alone which helped eliminate San Francisco's record deficit as budget negotiations reached a critical stage. Compared to June 2009, when \$5.8 million was generated, the year over year increase was 245%. Moreover, the Recorder Division managed to collect over \$38 million in transfer tax revenue over budgeted projections for FY 09-10.

With due diligence, hard work, and teamwork, the staff at the Recorder's Division scrutinizes all claimed transfer tax exemptions at the time a document is presented for recording. Taxpayers claiming a transfer tax exemption are required to produce original documents (i.e., financial records, entity formation documents, etc) in order to verify that a transfer tax exemption applies. Additionally, the Recorder staff regularly reviews and analyzes transfer tax payments to avoid under reported or unreported payment. In the past fiscal year, approximately \$1 million was collected in under reported transfer taxes which would not have been captured by the General Fund if the Recorder Division staff did not review documents at the time of recording (e.g. in "real time") and reject exemptions that do not apply or were not substantiated.

### COUNT OF OFFICIAL RECORDED DOCUMENTS



## EQUITY AND FAIRNESS

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Our staff is committed to serving the public and ensuring that everyone is treated fairly. We strive to inform taxpayers of their rights, alert the public about potential property scams, and make it our priority to ensure that people are not paying more than their appropriate share in property taxes. Additionally, since we handle all recorded documents related to real estate, we have been able to monitor and examine the effects of the real estate downturn on homeowners and we continue to help those facing foreclosure with information and resources. Below are some initiatives that we undertook in FY 09-10 to promote equity and fairness for taxpayers in San Francisco.

## PROPOSITION 8 REDUCTIONS

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Under state law, as of January 1st of every year, if the current market value of your property (as established by recent comparable sales) falls below the taxable value as shown on your tax bill, we are required to temporarily lower the assessed value. This year we received 6,462 taxpayer requests for Proposition 8 reductions and evaluated more than 20,700 properties including those granted temporary reductions last year. The average single family residence that qualified for a reduction received \$146,500 in reduced taxable value. Residential taxpayers could request an informal review for a temporary reduction between January 1, 2010 and March 31, 2010 and any taxpayer can file for a reduction from the Assessment Appeals Board (AAB) between July 2, 2010 and September 15, 2010.

This year, a total of 18,110 homes and timeshares were temporarily granted a reduced assessed value. The neighborhoods with the most reductions were Mission Bay (1,317), South Beach (1,052), and South of Market (685). The total value of this year's temporary reductions was \$1.96 billion with an estimated tax revenue decline of \$22.7 million.

## KEEPING HOMEOWNERS & TENANTS IN THEIR HOMES

We make every effort to identify and contact homeowners and tenants shortly after a notice of default is recorded against the property where they live. These mailed letters inform homeowners and tenants of their rights and the resources available to help them remain in their homes. In addition, this year our office coordinated with lending institutions and non-profit housing counseling agencies to push for permanent loan modifications for borrowers in San Francisco who were behind in their payments.

San Francisco experienced historically high rates of mortgage defaults and foreclosures in FY 09-10, but the number of notices of default recorded is beginning to decline. Whereas in previous years, most of the foreclosures were only in the southern and southeastern sections of the City, this past fiscal year saw trustee sales in almost every zip code in San Francisco.

In FY 09-10, there were 900 trustee deeds recorded in San Francisco, a 43% increase from the 630 recorded last fiscal year. However, the number of notices of default recorded decreased in the fourth quarter of FY 09-10 by 49%, from the same period last fiscal year.

Foreclosures affect not only homeowners, but also tenants living in foreclosed properties. In San Francisco, where more than two-thirds of the city's residents are renters, tenants who live in buildings that are foreclosed are protected by our laws. While foreclosure is not 'just cause' for eviction under San Francisco's local rent ordinance (for rent-controlled units), renters are at risk of displacement by foreclosure, often due to a lack of knowledge among renters and banks about San Francisco's laws. Our office identified apartment buildings affected by foreclosure and sent letters to tenants living in these properties after a notice of default was recorded. The letter informs tenants of their rights and the resources available to help them remain in their home.



## ALERTING AND EDUCATING CITIZENS TO REAL ESTATE SCAMS

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This year we collaborated with Bay Area Assessors from Alameda, Contra Costa, and Marin Counties and Assemblymember Ted Lieu to warn homeowners about misleading and official-looking property tax reduction solicitations. To prevent future scams, Assembly Bill 992 officially outlaws these fraudulent letters beginning January 1, 2010. Additionally, in July 2010, our office mailed letters to homeowners who were solicited by companies with official sounding names seeking to scam homeowner looking to reduce their property values for a fee. The California Attorney General's Office has filed a lawsuit against the individual behind "Property Tax Adjuster's Inc."

Our office continues to lead efforts to help at-risk homeowners. We collaborated with San Francisco District Attorney Kamala Harris, Supervisor David Campos, and Supervisor Sophie Maxwell to pass legislation combating loan modification scams. In these scams, unscrupulous mortgage consultants take advantage of the unprecedented number of San Francisco residents struggling to make their mortgage payments. The Regulations for Mortgage Modification Consultants ordinance requires a written contract outlining proposed services and prohibits loan modification consultants from collecting a fee before helping a homeowner obtain a favorable loan modification. The ordinance provides for enforcement with criminal penalties and a private cause of action for aggrieved homeowners

The San Francisco Fair Lending Working Group ("Working Group"), established through the efforts of Assessor-Recorder Ting, Treasurer Jose Cisneros, and Supervisor Sophie Maxwell, studied and recommended strategies to address the mortgage foreclosure crisis in San Francisco. The Working Group presented their findings and recommendations to be endorsed by the San Francisco Board of Supervisors. The Working Group's recommendations touch on four policy objectives: preserving homeownership and preventing foreclosure; preventing predatory lending practices; protecting tenants' rights during and after foreclosure; and ensuring that affordable housing development and retention remains a top City priority.

## MARRIAGE

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Our office maintains official public records and collects City revenues from the recording of legal documents, including marriage licenses. In FY 09-10, we recorded 7,405 public marriage licenses and there were over 16,000 marriage licenses ordered. Our office is committed to the principle that everyone should have the right to marry.



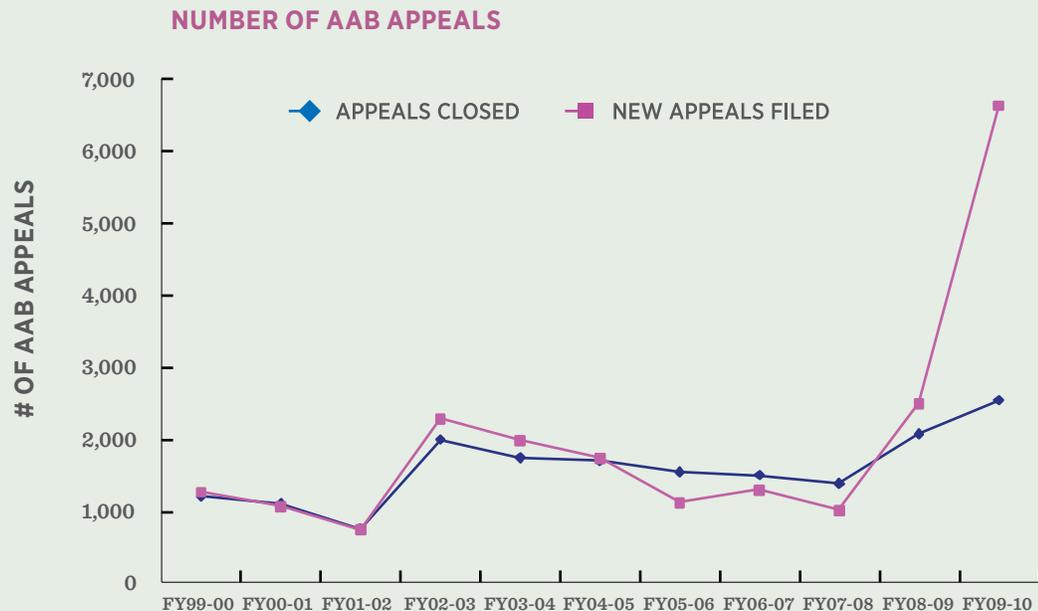
## WORKING TO DEFEND VALUATION IN THE APPEALS PROCESS

If a taxpayer disagrees with the assessed value of their property, they may file an appeal for reduction of the assessed value on the current local roll during the regular filing period for that year with the Assessment Appeals Board (AAB). In FY 09-10, the 6,620 new appeals filed were almost three times as many as the 2,476 filed in the previous fiscal year.

### ASSESSMENT APPEALS BOARD: 2,526 CLOSED APPEALS IN FY 09-10

- 292 lowered by the Board
- 100 lowered per Assessor recommendation
- 1,455 withdrawn pre-hearing
- 40 stipulated agreements
- 176 denied by the board
- 463 invalid applications

- Number of open cases end of FY: 5,103
- Total Value Appealed: \$60.2 billion
- Total Taxpayer Opinion of Value: \$35.5 billion
- Total Tax Dollars at stake: \$286.4 million





## INFORMING TAXPAYERS OF TAXATION EXEMPTIONS

We grant property tax exemptions to properties owned by non-profit organizations, religious organizations, hospitals, and schools per the Revenue and Taxation Code with the guidance of the California State Board of Equalization. Residential properties that are the owner's primary residence also qualify for the homeowner's exemption.

### 2010-11 QUALIFYING EXEMPTIONS

EXEMPTION	VALUE	% TOTAL
Private Schools	\$3,681,799	0.1%
Homeowners	\$655,466,000	11.9%
Hospitals	\$208,352,639	3.8%
Charitable - Non-profit	\$3,720,602,106	67.6%
Religious Organizations	\$238,351,464	4.3%
Veterans	\$13,056,833	0.2%
Churches	\$77,021,598	1.4%
Colleges/Universities	\$528,738,544	9.6%
Other	\$59,087,106	1.1%
<b>TOTAL</b>	<b>\$5,504,358,089</b>	<b>100.0%</b>

## INNOVATION

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Because our office functions are crucial to the CCSF, we constantly strive to be innovative and look for ways to better serve the public while maximizing efficiency. In FY 09-10, we partnered with other City officials and departments to implement policies ranging from a solar energy incentive program to closing corporate tax loopholes.



## CLOSING CORPORATE LOOPHOLES

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We worked with the San Francisco Board of Supervisors to successfully pass a resolution supporting efforts to implement an equitable split-roll property tax. This resolution also urged San Francisco's representatives in the California Senate and Assembly to continue to work to modify the definition of a "change of ownership" for commercial property. A split-roll property tax system would address the inequitable property tax burden on residential properties and clarifying what constitutes a change of ownership would eliminate a corporate tax loophole while continuing to protect homeowners.

## CREATING SEPARATE BILLING FOR TENANCY-IN-COMMON OWNERS

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As part of our efforts to ensure that our practices keep pace with the changes in the housing market, beginning in FY 09-10 we will begin providing individual assessments for Tenancy-In-Common (TIC) owners who request them (TICs are an increasingly popular way for San Franciscans to enter the housing market). Currently, TIC co-owners receive one property tax bill inclusive of the entire property. This would not change – all TIC co-owners will still receive one tax bill and are still liable for the full amount of property taxes owed, however, we will provide separate assessments intended to accomplish several things:

- Provide general knowledge regarding assessed value of individual units for TIC owners. The service is especially beneficial to buildings with multiple partial transfers as it will better protect the base year value of each TIC unit.
- Make additional information available to TIC owners to help them in their income tax preparation.
- Enable our staff to process documents more efficiently and accurately, resulting in increased equity and fairness among TIC owners.

We have been working with TIC organizations and are beginning outreach efforts. We intend to send applications to all TIC owners in the City that our office is aware of with the Notification of Assessed Value Letter that is mailed annually in July.



## PROMOTING SOLAR ENERGY

On July 1, 2008, the ten-year project “GoSolarSF” was launched by Assessor-Recorder Phil Ting, Mayor Gavin Newsom, Vote Solar founder David Hochschild, and the San Francisco Public Utilities Commission. GoSolarSF’s goal is to reduce the City’s dependence on conventional energy. At the end of 2007, only 580 solar rooftops existed in the CCSF. As a result of GoSolarSF incentives that reduce the cost of solar systems, San Francisco is currently home to 1,622 solar rooftops. CCSF received more than 1,300 applications for GoSolarSF incentives through June of 2010. This demand reserved some \$9.8 million of incentive funding that has created 40 ‘green collar’ jobs. In addition, San Francisco was recognized this year by the Northern California Solar Energy Association as the top large city in the Bay Area for solar installations due to the 241% increase in the number of systems installed from 2008 to 2009.

## CHINA SF

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San Francisco has had lasting economic and cultural ties with China for over 150 years. This year we celebrated the 30<sup>th</sup> anniversary of our sister city relationship with Shanghai. As the Chair of ChinaSF's San Francisco Advisory Board, Assessor-Recorder Ting sees San Francisco as the premier North American location for Chinese companies. ChinaSF is dedicated to helping make San Francisco the gateway for Chinese companies looking to set up their business operations in the Bay Area.

*Since its official opening in November 2008, ChinaSF has achieved early and substantive success towards the goal of improving San Francisco's economy and bringing jobs and investment to the City. ChinaSF has already facilitated the expansion of almost a dozen Chinese companies in San Francisco. Recently, ChinaSF has attracted companies such as Suntech, the world's third largest solar cell manufacturer, and China Daily, the national English-Language newspaper of China, to open offices in San Francisco. Each company brings employment to local residents, investment dollars to our local and regional economy, and tax dollars to support local programs.*

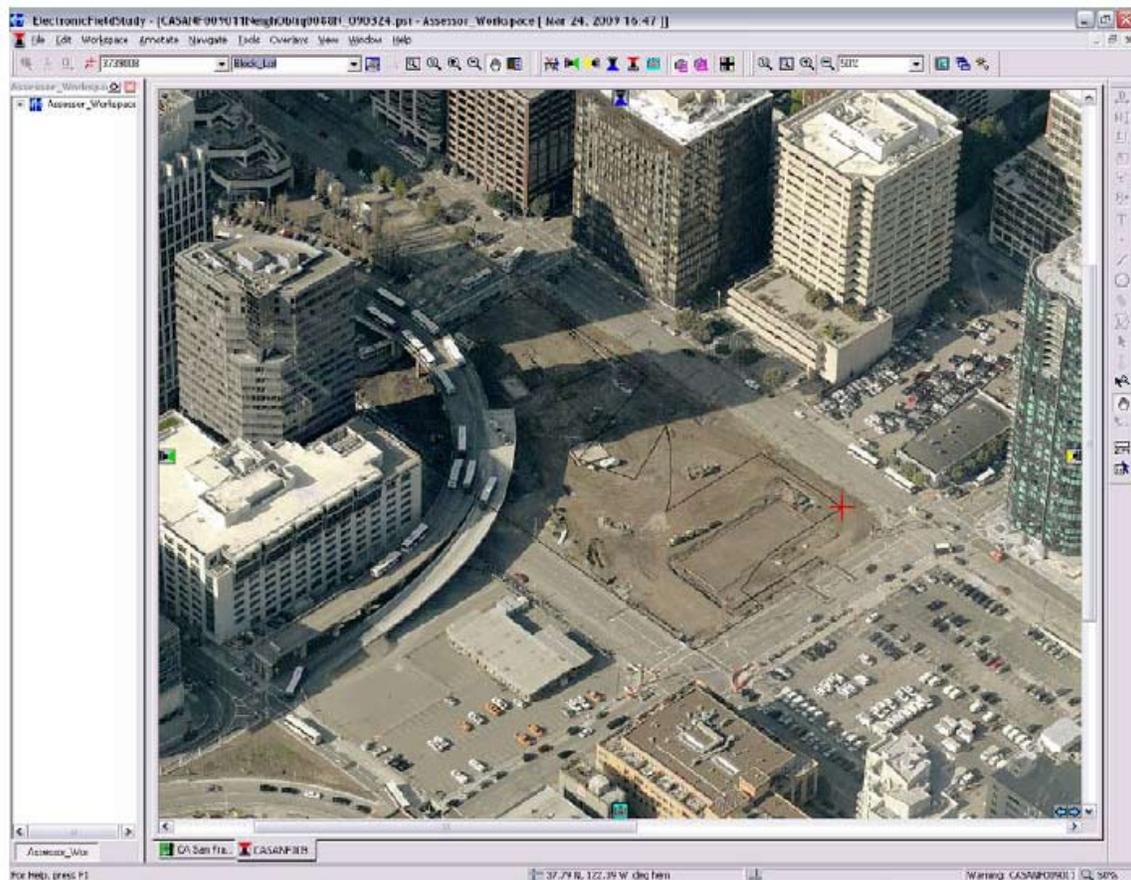
ChinaSF creates a critical business exchange platform that supports a robust trade between San Francisco and China to the mutual economic benefit of both economies. With the growth of its Advisory Board and Strategic Advisers, including both US and China-based business executives, ChinaSF provides valuable advice on business development strategy and connection to on-the-ground information regarding Chinese companies looking to expand business operations in the US. This network also enables ChinaSF to introduce San Francisco Bay Area businesses to partners and opportunities in China.

By targeting its business recruitment strategy and leveraging the strength of San Francisco's innovation economy, ChinaSF has quickly established San Francisco as the US capital base for Chinese solar companies. A few years ago, San Francisco did not have a single Chinese solar firm within city limits. Through the efforts of ChinaSF, there are now four Chinese solar firms, in San Francisco with a number of additional firms interested in locating in San Francisco's Cleantech hub in the near future. Similarly, ChinaSF is aggressively pursuing sector strategies in the finance, digital media, biotech and real estate sectors.

## GIS MAPPING TECHNOLOGY

As we are responsible for valuing all of the City's property, our office seeks access to updated and accurate data on all commercial and residential properties in San Francisco. Our office has contracted with Pictometry, Inc. to offer several hands-on training sessions on using the latest GIS (Geographic Information Systems) mapping technology available. Pictometry's high resolution, aerial images are taken from low-altitude aircraft which are more accurate than satellite images. Hosted by the San Francisco Department of Technology, the trainings provide our appraiser teams an opportunity to use the program as they would at their desk while being coached by the training representative.

The contract in place with Pictometry provides images through 2010, giving us a visual history of the city for the years 2007-2010. With these images, we can track progress of new construction, even after the fact, if it were missed during initial appraisal efforts. GIS technology is an invaluable measuring tool. It permits us to get an area measurement from the aerial photo and check the accuracy of the square footage of record, enabling an accurate assessment and potentially avoiding an appeal.



## INCREASED LANGUAGE ACCESS/CULTURAL COMPETENCY

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San Francisco's diversity is one of our greatest assets; however, our government needs to ensure that we can effectively communicate with our citizens. We have been proactive in fulfilling this need by accommodating property owners who request language services and championing cultural competency. For several years, Assessor-Recorder Ting chaired Mayor Newsom's Cultural Task Force and worked with the San Francisco Office of Language Services to help ensure the City meets today's language needs.

Annually, we send out Notices of Assessed Valuation letters to all taxpayers advising them of the current value of their property, and any exemptions applied to their property. For the third consecutive year, we also sent notifications in Spanish and Chinese, as requested by taxpayers. Our office provided similar translations in Russian, Tagalog, Vietnamese, and Japanese, through our website. As a result, property owners benefit from translated documents and culturally competent notification.

Furthermore, we are also providing translation services to customers with limited English proficiency via in-person and over-the-phone transactions. This year we assisted callers in various languages with the most requested translated language being Cantonese. Other languages requested were Spanish, Mandarin, Farsi, Vietnamese, Burmese, Cambodian, Indonesian, Russian, and Korean.

Finally, to further streamline our customer services, our office implemented a Customer Feedback Survey, which allowed customers to evaluate our services based on wait-time, helpfulness and courtesy of the employee regarding their issue, and overall customer service. Based on customer responses, 90% rated "Excellent" for the amount of wait time, 97% rated "Excellent" for helpfulness and courtesy of our employees, and 96% rated "Excellent" for overall service.

## REWARDING WHISTLEBLOWERS

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In an effort to ensure businesses pay their fair share of property taxes, we developed the Real Estate Watchdog Program in 2006 to make sure that all commercial properties are assessed at fair market value to help capture revenue owed to San Francisco. Under this program, individuals can provide the City with information leading to the detection of property taxes that were underpaid because an owner failed to report a change in ownership. The “watchdog” that provides the report is eligible for a reward of up to 10% of the unpaid taxes. In FY 09-10, the City collected an additional \$1.07 million in revenue after citizens informed us of unreported changes in ownership. The Whistleblower complaints hotline is 415.554.CITY.



## BIOGRAPHY OF THE ASSESSOR-RECORDER PHIL TING

As Assessor-Recorder of San Francisco, Phil Ting is a solutions-focused, innovative reformer whose efforts have enabled him to generate over \$245 million in new revenue for San Francisco and make sure everyone pays their fair share in property taxes.

Ting was appointed and later elected in 2005, becoming San Francisco's highest-ranking Chinese-American official. He has focused on reducing the assessment backlog from four to two years and every dollar that his office brings in means more money for the city to fund crucial programs for children, seniors and families.

### TING IS A CHAMPION FOR INNOVATIVE AND GOOD GOVERNMENT POLICIES IN SAN FRANCISCO.

- He launched GoSolarSF, San Francisco's first municipal solar energy incentive program, in July 2008. This ten-year program is the product of the San Francisco Solar Task Force which Ting co-founded and co-chairs. He had the distinct honor of being awarded the 2008 Solar Champion Award from Vote Solar for "outstanding efforts to bring solar energy into the mainstream."
- He spearheads efforts to help homeowners and tenants facing foreclosure, including launching Don't Borrow Trouble, an education and outreach program; convening city officials and advocates to find local solutions to the foreclosure crisis; and creating a first-of-its-kind program that sends a letter providing resource information to at-risk homeowners and tenants once a Notice of Default has been recorded.
- He champions closing corporate property tax loopholes and introduced groundbreaking "Real Estate Watchdog" legislation aimed at capturing unreported changes of ownership. The Assessor's office's first unreported change of ownership brought in \$1.34 million in additional revenue.
- He chairs the San Francisco Advisory Board for ChinaSF, a public-private partnership dedicated to creating economic development opportunities by making San Francisco the gateway for Chinese companies looking to establish business operations in the Bay Area.

Ting began his career as a real estate financial advisor, gaining practical and hands-on experience in fiscal management and property assessments while working at Arthur Andersen and CB Richard Ellis. Prior to serving as the Assessor-Recorder, Ting also had a long history of civil rights advocacy - he was the Executive Director of the Asian Law Caucus, an organization founded in 1972 to advance and promote the legal and civil rights of the Asian Pacific Islander community. He is past president of the Bay Area Assessors Association and has served on the boards of Equality California Institute, Cal Alumni Association, and the Center for Third World Organizing.

Ting is a graduate of UC Berkeley and Harvard University's John F. Kennedy School of Government. He lives in San Francisco's Sunset District with his wife, Susan Sun, and their daughters, Isabella and Madeleine.

The Office of the Assessor-Recorder is proud to have a hard-working, devoted staff. As indicated in the chart below, the staff comes from a variety of cultural backgrounds.

## ASSESSOR-RECORDER STAFF

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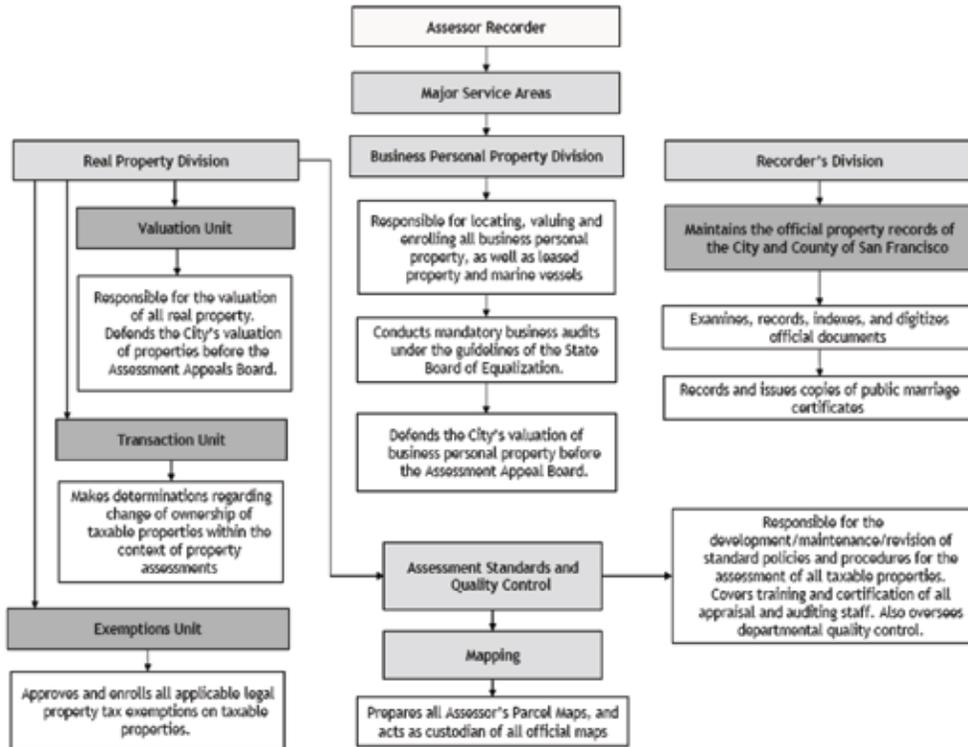
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Blair Adams  
Terris Abhaya  
Maria Ahumada  
Roland Alcantara  
Michelle Andr  
Caroline Arguelles  
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Jenae Armstrong  
Sally Aung  
Darius Bahador  
James Bias  
Arlene Boongaling  
Kurt Botn  
Natividad Caramat  
Iris Chan  
Jimmy Chan  
Larry Chan  
Kit Chau  
Anita Chen  
Alice Cheung  
Stephen Chin  
Sandra Chow  
Stella Chow  
Ann Chwang  
Elizabeth Cooper  
Diane Cirrincione  
Ellen Collaco  
Teresa Contro  
Charles Crowde  
Mary Jane Cruz  
Rosalita Fernandez  
Summer Graham  
Rufino De Leon  
Angela D'Anna  
Tam Doan  
Craig Dziedzic  
Wah Eng  
Natalya Epelbaum  
Pio Factor  
Myrna Flores  
Julie Ford  
Illuminada Gaerlan  
Donna Gilliam  
Georgina Gogna

George Gomez  
Jocelyn Gordon  
Aleda Graham  
Leticia Granados  
Carmelita Harris  
Carlota Hilario  
Eric Ho  
Victor Hua  
Harvey Huey  
Helen Hui  
John Hui  
Chanda Ikeda  
Kevin Alin  
Kimberlee Kimura  
Hakam Ibrahim  
Buena Ignacio  
Abdul Janjua  
Michael Jine  
Alice Kim  
Kimberly Kitano  
Timothy Landregan  
Guadalupe Laurente  
Joe Lee  
Liza Lee  
Ricky Lee  
Julia Leiva  
Maurilio León  
Thida Leung  
Peggy Liang  
Mara Lim  
Carrie Liou  
Maria Los Banos  
Angela Lucas  
Meng Luu  
Mark McLean  
Dennis May  
Fernando Mendoza  
Gary Nettles  
Shanna Ngo  
Zoon Nguyen  
Wilson Novillos  
James Pan  
Melissa Panday-Shrawder  
Oscar Pasamonte  
Feliciano Payumo

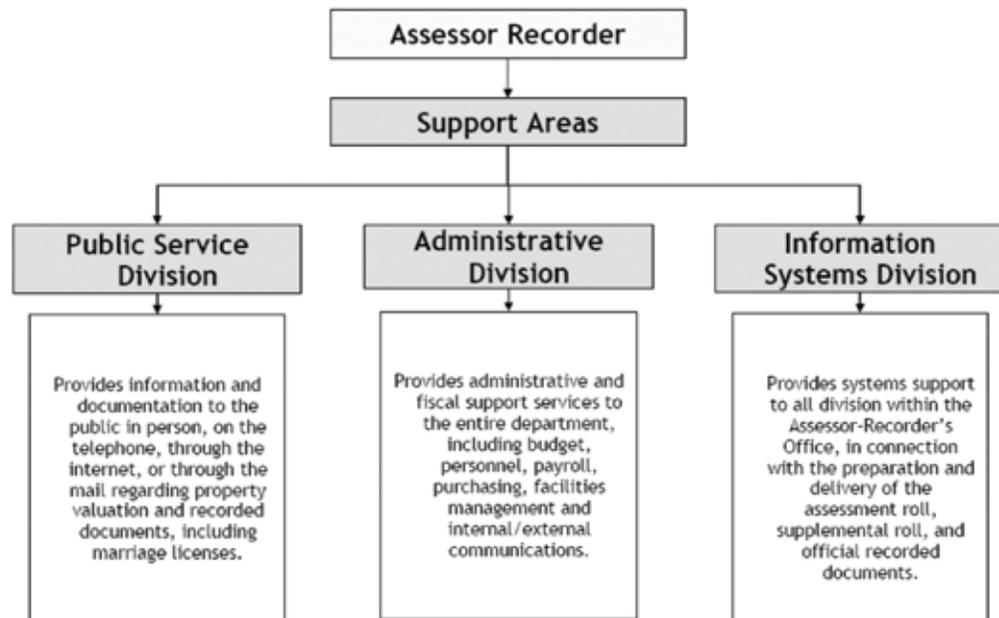
Chona Pazcoguín  
Alicia Petalver  
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Sandy Pubill  
Maria Quinones  
Edward Rafael  
Daniel Reyes  
Felix Rodriguez Jr.  
Brix Salbino  
Christopher Sam  
Dinora Sanchez  
Gladys Sanchez  
Ruth Santana  
Catherine Saul  
Antonio Segarra  
Kan Shen  
Julie Shu  
Richard Sin  
Edward Smith  
Robert Spencer  
Ronald Sto-Domingo  
Lena Surjadi  
Pauline Tam  
Susana Tan  
Gilbert Tang  
Thomas Tang  
Terry Tanjutco Smith  
Alex Tharayil  
Matthew Thomas  
Phil Ting  
Fanny Truong  
Felemina Uban  
Manuel Uy  
Concepcion Vindell  
Donald Wiggam  
Benjamin Weber  
Vincent Williams  
Cecilia Wong  
Frank Wong  
Gregory Wong  
Julie Wu  
Rasheeda Young  
Teresita Xander



# RESPONSIBILITIES



# OFFICE DIVISIONS



## What is the role of the Assessor-Recorder?

### ASSESSOR

The role of the Assessor-Recorder is to value property in a fair and equitable manner according to California's Revenue and Taxation Laws. Our team works hard to locate all taxable property in the County

and identify ownership. We then establish a taxable value for all property subject to property taxation and list this value on the assessment roll. All tangible property is taxable unless constitutionally exempt. Our office also determines if real estate

parcels are required to be reassessed upon a change of ownership or the completion of new construction.

### RECORDER

The Recorder serves as the custodian of public records and as such records all real property documents for the county, and registers marriage licenses and other public documents. The Recorder maintains an index and issues copies of all recorded documents to members of the public that request them.

The Recorder staff reviews, analyzes, and interprets large volumes of documents and determines whether they are recordable and in compliance with state codes and local ordinances. The Recorder is responsible for interpreting and applying the requirements of the County Documentary Transfer Tax Ordinance

with regard to any lands, tenements, or other realty sold within the county. The Recorder also has the responsibility to collect and allocate the necessary recording fees pertaining to the Real Estate Prosecution Trust Fund and Monument Preservation Fund.

## How are Property Tax rates calculated? What is Proposition 13?

Property tax is an ad valorem tax based on a percentage of the property's value placed on real and business personal property. There are three different types of property: real, personal and utility. Real property refers to the ownership of land and any improvements to the land. Personal property is any property except real estate, including boats, airplanes and all business property. Business personal property is all property owned or leased by a business except licensed vehicles, business inventory, intangible assets or application software. Utility

property is property owned by utilities, such as railroads. Our office has jurisdiction over the assessment of real and business personal property.

Passed by California voters in 1978, Proposition 13 set a property's base year value at its 1975-76 assessed value and limits increases to the assessed value of real property by no more than 2 percent per year or the Consumer Price Index (CPI), whichever is lower. Proposition 13 also established a maximum property tax rate of one percent (1%) of the assessed value, plus any

voter approved bonded indebtedness, service fees, improvements bonds and special assessments. This add on was 0.159 percent for FY 09-10 for a total property tax rate of 1.159 percent.

Proposition 13 tightly regulates property tax and budget policy and was enacted in order to keep property taxes stable and predictable relative to variances in the housing market. Since the passage of Proposition 13, average assessed values have remained considerably lower than average sales prices in counties across the state.

## When is Real Estate reappraised?

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Real property is reassessed at its current fair market value under two conditions: 1) when there is an assessable change in ownership and 2) upon completion of new construction or a change in use. This reassessment establishes a new base year value.

When a sale or transfer occurs, the Assessor's Office receives a copy of the deed and determines if a

reappraisal is required under State law. If a reappraisal is required, an appraisal is made to determine current market value of the property. The owner is then notified of the new assessment and the owner has the right to appeal the assessed value.

The transfer of property between spouses or registered domestic partners does not require a

reappraisal for property tax purposes. This includes transfers resulting from divorce or death of a spouse or domestic partner. In addition, a refinancing will not cause a reappraisal. There are other exclusions for senior citizens, the disabled, and those involving parent/child transfers which are discussed later.

## What new construction is reappraised?

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When the homeowner/taxpayer applies for a building construction permit with the Department of Building Inspection, the Assessor's Office receives the permit. If the construction is new (such as a room

addition), a reappraisal is required. If the construction is for replacement, repair, or maintenance, a reappraisal is not required. In appraising new construction, the market value of the addition is determined and

added to the value of the existing property. The existing property, however, is not reappraised. As with a change-in-ownership, the owner is notified of the new assessment and can appeal the assessed value.

## What is the assessment roll?

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The assessment roll is the official list of all property within the County assessed by the Assessor, and is separated into a secured and unsecured roll. The assessment roll, which contains approximately

200,000 parcels as of the lien date of FY 09-10, is the basis on which property taxes are levied. The secured roll includes property on which the taxes are a lien against real estate. The unsecured roll includes property

on which the property taxes are not a lien against real estate, including business personal property or improvements located on leased land.

## What is a Supplemental Assessment?

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State law requires the Assessor to reappraise property immediately upon change-in-ownership, completion of new construction or change in use. The Assessor's Office must issue a supplemental assessment

that reflects the difference between the prior assessed value and the new assessment. This value is then prorated based on the number of months remaining in the FY ending June 30. This supplemental bill is in

addition to the regular tax bill. To appeal a supplemental assessment, an application must be filed with the Clerk of the Board within 60 days from the mailing of notice of the supplemental assessment tax bill.

## How do I appeal my assessed value?

If you own a home and occupy it as your principal place of residence on January 1, you may apply for a Homeowner's Exemption of \$7,000 from your assessed value. An exemption is an allowance

of a deduction from the taxable assessed value of the property as prescribed by law. New property owners will automatically receive an exemption application in the mail. Homeowner's exemptions may also

apply to a supplemental assessment if the property was not previously receiving a Homeowner's Exemption. There is no charge for filing for the Homeowner's Exemption.

### INFORMAL REVIEW OF ASSESSMENT

If you have reason to believe that the market value of your property as of January 1 in a given year is less than the amount shown on your

notice of assessed value and you have factual evidence to support a lowered assessment, you can request an informal review by a staff appraiser by contacting us before September

2 by phone (415) 554-5596 or email [assessor@sfgov.org](mailto:assessor@sfgov.org). Requesting an informal review does not preclude you from filing a formal appeal with the Assessment Appeals Board.

### ASSESSMENT APPEALS BOARD

If you disagree with the assessed value or our informal review, you may file a formal "Application for Changed Assessment" with the Assessment

Appeals Board, an independently appointed review board. Application information can be obtained from the Clerk of the Assessment Appeals Board, City Hall – Room 405, 1 Dr. Carlton

B. Goodlett Place, San Francisco, CA 94102, phone (415) 554-6778 or web at [www.sfgov.org/aab](http://www.sfgov.org/aab). Assessment appeals must be filed with the Clerk between July 2 and September 15.

## Can I visit your office and do my own search?

Yes. We always encourage the public to conduct searches by accessing our computer systems and general

index on microfiche and microfilm. We also have staff on duty to assist you or answer any questions.

## Does your office have map records?

The office carries three types of maps: block, parcel and condominium. For block maps, please provide the block number. For parcel and/or

condominium maps always provide the book and page. Block maps are printed on 8 1/2" by 11" for a \$3.00 fee per map. Parcel and/or condominium

maps are printed on 18" by 24" for \$5.00 the first page and \$3.00 each additional page per map.

## How can I apply for reducing my taxes as a homeowner?

If you own a home and occupy it as your principal place of residence on January 1, you may apply for a Homeowner's Exemption of \$7,000 from your assessed value. An exemption is an allowance

of a deduction from the taxable assessed value of the property as prescribed by law. New property owners will automatically receive an exemption application in the mail. Homeowner's exemptions may also

apply to a supplemental assessment if the property was not previously receiving a Homeowner's Exemption. There is no charge for filing for the Homeowner's Exemption.

## How can I apply for reducing my taxes as a veteran?

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Certain exemptions are available for veterans. A Veterans Homeowner's Exemption is available for the home of a disabled veteran or a disabled veteran's spouse, if the veteran, because of an

injury incurred in military service, is blind in both eyes, has lost the use of two or more limbs, or is totally disabled. If qualified, veterans are provided exemptions up to \$150,000 of taxable

value. An unmarried surviving spouse may also be eligible if the service member died as the result of a service-connected injury or disease while on active duty in the military.

## Will my property be reassessed if I give it to my children?

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The transfer of real property between parents and children can be excluded from reappraisal for property tax purposes. The

principal place of residence and up to a maximum of \$1,000,000 in assessed value of any additional property may be transferred

without an assessment increase. An application must be filed with the Assessor's Office to determine eligibility for this exclusion.

## Are there exclusions available for seniors or Disabled Persons?

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Disabled property owners or senior citizens over 55 years of age can buy a replacement residence of equal or lesser market value than

their existing home and transfer their current tax base year value to the new home. The purpose of this is to provide tax relief for

disabled persons and seniors by preventing a property tax increase if they sell their existing home and buy another one.

## What can I do if the market value of my property declines?

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If you disagree with the value of your property, you should contact our Real Property Division. If a reduction in value is justified, we can adjust the

value or if not, aid you in applying to the Assessment Appeals Board. If you file an assessment appeal on an existing value, such appeal must be

filed with the County Assessment Appeals Board (City Hall, Room 405).

## What if my home is damaged from a fire or an earthquake?

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If a major calamity such as a fire, earthquake or flooding damages your property, you may be eligible for property tax relief. In such cases, the Assessor's Office will reappraise

the property to reflect its damaged condition. In addition, when you rebuild it in a like or similar manner, the property will retain its previous assessment for tax purposes. To qualify

for property tax relief, you must file a calamity claim form with the Assessor's Office within 60 days from the date the property was damaged or destroyed and the loss must exceed \$5,000.

## What is Business Personal Property?

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Business Personal Property is any tangible property owned, claimed, used, possessed, managed or controlled in the conduct of a

trade or business. This includes all machinery, fixtures, office furniture and equipment. In general, business personal property is all

property owned or leased by a business except licensed vehicles, business inventory, intangible assets or application software.

## I received a Business Property Statement (Form 571-L, 571-R), what's this all about?

The Assessor's records indicate that you were doing business at this location on the lien date, January 1. The lien date is the day that the taxes became a lien on the property and/or its owners, even though the valuation and tax bills have not yet been computed and mailed. The tax

lien date is January 1 of each year (Revenue and Taxation Code, Section 2192). All machinery, equipment, fixtures, construction in progress and leasehold improvement held or used in connection with a trade or business are taxable as business property. The property statement

is a means for you to declare all your taxable business property located within the City and County on the lien date, January 1, and is used to assist the Assessor in determining the value of taxable property for assessment purposes.

## How is the assessed value determined?

Assessment begins with the cost of the asset, including sales tax, freight and installation. A depreciation

factor is applied to the asset cost and this becomes the assessed value. The depreciation schedule is based on the

expected economic life of the asset, and is different from the depreciation schedule used by tax accountants.

## When is Business Personal Property appraised?

Unlike real property, business personal property is appraised annually. The owners of all businesses must file a property statement each year with

the Assessor's Office detailing the cost of all their supplies, equipment, and fixtures at each location. This is required unless the Assessor's Office

has already established the taxable value of the business and sent out a Notification of Value Card. Business inventory is exempt for taxation.

## Why are you taxing my business assets, under what authority?

The State Constitution says that all property is subject to property tax unless otherwise exempt. Most people are familiar with the property

taxes on their home. The assets of a business are also subject to assessment and taxation. Section 201 of the Revenue and Taxation Code of

California states: "All property in this State, not exempt under the laws of the United States or of this State, is subject to taxation under this code".

## I have a business in San Francisco but did not receive a Business Property Statement, what shall I do?

You must contact the Assessor's Office to enroll your business and have a 571-L Statement/Form sent to you. You may call our Business

Personal Property Division. The 571-L form will have your permanent account number, owner's name, mailing address, and business

location. You must complete the form, then sign and return the statement to the Assessor's Office.

## Who must file a Business Property Statement?

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Per Revenue and Taxation Code, Section 441, you must file a statement if the Assessor's Office has sent you a property statement OR you have taxable personal property

with a total cost of \$100,000 or more located within the City and County as of January 1 of each year even if no statement is sent to you. Failure to complete and return the

property statement will result in the Assessor estimating the value of your business property and adding a 10% penalty to the assessment (R&T Code, Sections 441, 463 and 501).

## What is the last date to file the Business Property Statement without a penalty?

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The due date for filing the Business Property Statement is April 1st. A 30-day extension until May 1st may be granted for reasonable cause. The request for extension must be made

in writing, preferably on company letterhead, and addressed to Phil Ting, Assessor-Recorder, Business Personal Property Division, 875 Stevenson St., Suite 100, San Francisco, CA 94103.

Please indicate the account number, if any, the location of the business and your title. Any property statement filed or postmarked after May 7th will have a 10% penalty added to the assessment.

## How much will my taxes be?

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Using a tax rate of 1.14% will give a conservative estimate of what the actual tax liability will be. Proposition 13 established a tax rate of 1% of the value of assessable

property. San Francisco tax rate is determined by the Board of Supervisors, based on property assessed value and bond measures passed by San Francisco voters.

For example, if the business depreciated assessed value is \$25,000 the property taxes on the business assets will be approximately \$285.

## What if I don't agree with the value on my tax bill, can I dispute it?

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The value can be corrected if a clerical or administrative error was made. In that case, first talk to an auditor how to go about correcting it. However, if the disagreement is

a matter of valuation, then you must file an "Application for Changed Assessment" with the Assessment Appeals Board no later than September 15th. Their telephone

number is (415) 554-6778. Pay it to avoid penalties (if it can not be cleared by August 31st). A refund will be sent to you if you win the case.

## Is there any property that is exempt or that I do not have to report on my Business Property Statement?

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The following are some common exempt items that should not be reported: Business Inventory

(Revenue and Taxation Code 129), Application Software (Property Tax Rule 152), Licensed Motor

Vehicles (R&T Code 10751), First \$50,000 of employee-owned Hand Tools (R&T Code 241).

**Ad Valorem Property Tax**

- Taxes imposed on the basis of the property's value.

**Assessed Value** - The taxable value of a property against which the tax rate is applied

**Assessee** - The person to whom the property is being assessed.

**Assessment Appeal** - The assessee may file an appeal for reduction of the assessed value on the current local roll during the regular filing period for that year

**Assessment Appeals Board** - A three member panel appointed by the Board of Supervisors, operating under State law, to review and adjust assessments upon request of a taxpayer or his or her agent. (See "assessment appeal")

**Assessment Roll** - The official list of all property within the County assessed by the Assessor.

**Assessment Roll Year** - The year following the annual lien date and the regular assessment of property, beginning on July 1.

**Audit Escape** - The discovery of escape property resulting from an audit of the books and records of a profession, trade or business, for which an assessment is levied outside of the normal assessment period for the lien date in question.

**Base Year (Value)** - The 1975-76 regular roll value serves as the original base value. Thereafter, changes to the assessment on real property value, or a portion thereof, caused by new construction or changes in ownership create the base year

value used in establishing the full cash value of such real property.

**Business Personal Property**

- Business personal property is assessable, and includes computers, supplies, office furniture and equipment, tooling, machinery and equipment. Most business inventory is exempt. (See personal property)

**Change in Ownership** - When a transfer of ownership in Real Property occurs, the Assessor determines if a reappraisal is required under State law. If required, the reappraised value becomes the new base value of the property transferred, and a supplemental assessment is enrolled.

**CPI** - Consumer Price Index as determined annually by the California Bureau of Labor Statistics.

**Exclusions from Reappraisal** - Some changes in ownership may be excluded from reappraisal if a timely claim is filed with the Assessor's Office that meets the qualifications. Examples include the transfer of real property between parents and children or senior citizens over 55 who replace their principal residence.

**Exemption** - Allowance of a deduction from the taxable assessed value of the property as prescribed by law.

**Homeowner's Exemption** - People who own and occupy a dwelling on the lien date as their principal place of residence are eligible to receive an exemption of up to \$7,000 of the dwelling's taxable value. The tax dollars reduced by the (HOX) homeowner's exemption are reimbursed to the County by the State of California.

**Exemptions: Other** - Charitable, hospital, religious or scientific organizations, colleges, cemeteries, museums, and disabled Veterans (for 100%, service-connected disabled Veterans) are eligible for exemption.

**Factored Base Year Value** - A property's base value is adjusted each year by the change in the California Consumer Price Index (CPI), not to exceed 2%. The factored base value is the upper limit of taxable value each year.

**Fiscal Year** - The period beginning July 1 and ending June 30.

**Fixture** - An improvement to real property whose purpose directly applies to or augments the process or function of a trade, industry or profession.

**Full Cash Value (FCV)** - The amount of cash or its equivalent value which property would bring if exposed for sale in the open market and as further defined in Revenue and Taxation Code 110.1.

**Improvements** - Buildings or structures generally attached to the land. Improvements may also include certain business fixtures.

**Lien** - The amount owed and created by the assessment of the property, or the amount levied against property by a taxing agency or revenue district.

**Lien Date** - The time when taxes for any fiscal year become a lien on property; and the time as of which property is valued for tax purposes. The lien date for California property is 12:01 a.m. on January 1 (effective January 1, 1997) preceding the fiscal year for which

the taxes are collected. The lien date for prior years was March 1.

**New Base Year (Value)** - The full cash value of property on the date it changes ownership or when new construction is completed.

**New Construction** - The construction of new buildings, additions to existing buildings, or alterations which convert the property to another use or extends the economic life of the improvement, is reassessed, establishing a new base year value for only that portion of the property.

**Parcel** - Real property assessment unit. Land that is segregated into units by boundary lines for assessment purposes.

**Personal Property** - Any property except real estate, including airplanes, boats, and business property such as computers, supplies, furniture, machinery and equipment. (Most business inventory, household furnishings, personal effects, and pets are exempt from taxation.)

**Possessory Interest (PI)** - The possession or the right to possession of real estate whose fee title is held by a tax exempt public agency. An example of a PI includes the exclusive right to use public property at an airport such as a car rental company's service counter. The vendors are subject to property taxes. Regardless of the type of document evidencing the right to possession, a taxable PI exists whenever a private party has the exclusive right to a beneficial use of tax exempt publicly owned real property.

**Proposition 13** - Passed by California voters in June, 1978, Proposition 13 is a Constitutional amendment that

limits the taxation of property and creates a procedure for establishing the current taxable value of locally assessed real property, referencing a base year full cash value.

**Proposition 8** - Passed by California voters in November 1978, Proposition 8 requires for the temporary reduction in the assessed value when there is a decline in market value below the property's factored base year value.

**Real Property** - Land and improvements to the land, which permits the possession of, claim to, ownership of, or right to possess.

**Roll** - A listing of all assessed property within the county. It identifies property, the owner, and the assessed value of the property.

**Roll Unit** - A parcel of property or a business personal property account that is assessed for annual valuation.

**Roll Year** - See "assessment roll Year."

**SBE** - See "State Board of Equalization."

**Secured Roll** - Property on which the property taxes are a lien against the real estate.

**Special Assessments** - Direct charges or flat fees against property which are included in the total tax bill but are not based upon the Assessor's valuation of the property. Examples are a sewer charge or a school parcel tax.

**State Board of Equalization** - The State Board consists of four members elected by California voters by district, and the State Controller whose duties in the field of taxation are imposed by the State Constitution and the Legislature. The State Board

regulates county assessment practices and administers a variety of State and local business tax programs.

**Supplemental Assessment** - When property is assessed due to a change in ownership or completed new construction, a supplemental assessment is issued. This is separate and in addition to the annual regular assessment roll. It is based on the net difference between the previous assessed value and the new assessment.

**Supplemental Roll** - The roll, prepared or amended, contains properties in which a change in ownership or completed new construction occurred.

**Tax Rates** - The maximum ad valorem (on the value) basic property tax rate is 1% of the net taxable value of the property. The total tax rate may be higher for various properties because of voter-approved general obligation bonds that are secured by property taxes for the annual payment of principle and interest.

**Tax Roll** - The official list of property subject to property tax, together with the amount of assessed value and the amount of taxes due, as applied and extended by the Auditor/Controller.

**Transfer** - Change in the ownership of, or change in the manner which, property is held.

**Unsecured Roll** - Property on which the property taxes are not a lien against the real estate (real property) where they are situated, including personal property or improvements located on leased land. on the specific situation, a transfer may trigger a reassessment of the property.

## IMPORTANT DATES FOR PROPERTY OWNERS

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- JANUARY 1** The date taxes for the next fiscal year become a lien on property.
- FEBRUARY 15** Deadline to file all exemption claims.
- APRIL 1** Due date for filing statements for business personal property and marine vessels.
- APRIL 10** Last day to pay second installment of secured property taxes without penalty.
- MAY 7** Last day to file a business personal property statement without incurring a 10% penalty.
- JULY 1** Local assessment roll is surrendered to the Controller. The local assessment roll is the official list of all taxable property within the County.
- JULY 2** First day to file assessment appeal application with the Assessment Appeals Board.
- AUGUST 31** Regular roll unsecured taxes due.
- SEPTEMBER 15** Last day to file an assessment appeal application for reduced assessment with the Assessment Appeals Board, unless extended to November 30.
- DECEMBER 10** Last day to pay first installment of secured property taxes without penalty.



The Assessor-Recorder's Office is open Monday thru Friday 8:00 A. M. to 5:00 P.M., excluding legal holidays. Document recording is available 8:00 A.M. to 4:00 P.M. We have a public service desk that is staffed during business hours where you can inquire about property, tax rates and recorded documents.

If you have a question about your tax bill, please contact the Treasurer/Tax Collector at 554-7500 or [www.sfgov.org/tax](http://www.sfgov.org/tax).

You can also call "3-1-1" for information and assistance with any non-emergency services.

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