

Declines in Value

General

In 1978, California voters passed Proposition 8, which is a constitutional amendment to [article XIII A](#) allowing a temporary reduction to the assessed value when real property suffers a decline in value. A decline in value occurs when the current market value of real property is less than its factored base year value (FBYV).

[Section 51\(a\)](#) provides that for each lien date after the lien date in which the base year value is determined pursuant to [section 110.1](#), the taxable value of real property shall be the lesser of the property's FBYV or its current market (full cash) value, as defined in [section 110](#), as of the lien date. [Section 51\(e\)](#) provides that, while the assessor is not required to make an annual reappraisal of all assessable property, once a property has been reduced due to a decline in value, for each lien date after the first lien date the property value was reduced, the value of that property shall be annually reappraised at its full cash value until that value exceeds its FBYV.

[Section 619\(a\)](#) requires the assessor to notify each assessee of real property on the local secured roll whose property's full value has increased over its full value for the prior year as it shall appear on the completed local roll. [Section 619\(b\)](#) provides that the assessor shall include a notification of hearings by the county board of equalization, including the appeals filing period and the place where the appeal may be filed, as well as an explanation of the stipulation procedure set forth in [section 1607](#). In addition, [section 619\(c\)](#) provides that the notice for decline-in-value properties shall include the FBYV of the property. [Section 619\(f\)](#) provides that the increase does not apply to annual increases in the valuation of property which reflect the inflation rate, not to exceed 2 percent.

Scope of Review

The BOE's assessment practices survey includes a review of the assessor's practices and procedures for the discovery and valuation of potential declines in value, performing annual reviews for subsequent years, and properly notifying taxpayers of changes to their current assessed value.

The specific areas of review may include, but are not limited to, the following:

- **General Program Elements**
- **Discovery**
- **Assessments**
- **Notification**