

# Property Tax Glossary

Note: "R&T Code" stands for Revenue and Taxation Code.

## **AB 8**

Assembly Bill 8, Chapter 282, Statutes of 1979 enacted as a method for the distribution of property taxes in accordance with the intent of [Proposition 13](#).

## **AB 8 Allocation**

A distribution methodology enacted by Assembly Bill 8 in 1979 as a means to administer the distribution of the 1% general property tax.

## **Ad Valorem Tax**

A tax amount determined by multiplying the taxable value times the [tax rate](#).

## **Annual Tax Increment (ATI)**

The difference resulting from the comparison of base or prior year values to current year values, generally referred to as "growth". See also [decrement](#). (R&T Code §96.5)

## **Apportionment**

The distribution of property tax collections to the individual taxing [jurisdictions](#).

## **Apportionment Factors**

The percentages used to distribute collections of the 1% taxes to each [taxing jurisdiction](#) based on statutory formulae.

## **Assessment or Assessed Value**

One hundred percent of the full cash value of property as determined by the county assessor or the [Board of Equalization \(BOE\)](#).

## **Board of Equalization (BOE)**

A branch of California state government created in 1879 with the responsibility of ensuring that county property tax [assessment](#) practices are equal and uniform throughout the state. The BOE also administers state revenue programs, assesses the property of regulated railroads and specified utilities, and acts as the appellate body for the franchise and income tax appeals. The Board's website is [www.boe.ca.gov](http://www.boe.ca.gov).

## **Change of Ownership**

A change of ownership occurs when there is a transfer of a present interest in [real property](#) from one owner(s) to another. (R&T Code §60)

## **Debt Service Funds**

An accounting mechanism established to bill, track, distribute and account for the taxes levied to pay bonded indebtedness.

## **Debt Service Tax Rates**

Rates levied to provide agencies with the necessary revenue to pay annual principle, interest and other charges.

## **Decrement**

A negative [annual tax increment \(ATI\)](#).

**District or Special District**

An agency of the state, formed pursuant to statutory provisions, for the local performance of governmental or proprietary functions within limited boundaries.

**Educational Revenue  
Augmentation Fund (ERAF)**

The fund established for the deposit of moneys deducted and transferred from counties, cities and [special districts](#) (R&T Code §97.2). ERAF is commonly referred to as the property [tax shift](#).

**Exemption**

A reduction in the taxable [valuation](#) of property as allowed by appropriate statutes.

**Fiscal Year**

The accounting year, usually beginning July 1 and ending June 30.

**Fixed Charges**

Special and direct [assessments](#) of a specific dollar amount are added to the tax bill. These charges are in addition to the [ad valorem tax](#) unrelated to the assessed value of a property and are added on a per [parcel](#) basis.

**Gann Limits**

Refers to annual appropriation limits established in accordance Article XIII B of the California Constitution. Paul Gann, president of California Taxpayers Association, was instrumental in placing the amendment on the November, 1978 ballot. Also known as [Proposition 4](#).

**Gross Taxable Value**

The [valuation](#) of property after all local [exemptions](#) have been applied.

**Homeowner's Exemption**

State [exemption](#) granted to a property owner who files for the exemption with the assessor and is using the property as the principal place of residence on the [lien date](#).

**Improvements**

All buildings, structures, fixtures and fences erected on or affixed to the land. All fruit, nut-bearing or ornamental trees and vines, not of natural growth and not exempt from taxation, except date palms under eight years of age.

**Jurisdiction**

A [local agency](#), school district, community college district, or county superintendent of schools.

**Jurisdictional Change**

A change in the services provided by or the geographic boundaries of a taxing agency, which includes, but are not limited to, annexations, detachments, reorganizations, dissolutions, formations, or incorporations. (R&T Code §95 & §99)

**Lien**

Includes any charge of any nature whatsoever, authorized by law, to be levied against property by any taxing agency or revenue district.

**Lien Date**

The time when taxes for any [fiscal year](#) become a [lien](#) on property. January 1st is the assessor's lien date for preparing the assessment roll.

|                                        |                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Local Agencies</b>                  | Cities, counties and <a href="#">special districts</a> .                                                                                                                                                                                                                                                                                                                      |
| <b>Net Taxable Value</b>               | The <a href="#">valuation</a> of property after all local and state <a href="#">exemptions</a> have been applied.                                                                                                                                                                                                                                                             |
| <b>New Construction</b>                | Any addition to <a href="#">real property</a> , whether land or <a href="#">improvements</a> (including fixtures), since the last <a href="#">lien date</a> . Any alteration of land or of any improvement (including fixtures) since last lien date which constitutes a major rehabilitation thereof or which converts the property to a different use. (R&T Code §70(1)(2)) |
| <b>Non-operating Non-unitary</b>       | Properties that do not operate as a unit and are not part of the primary function of the assessee.                                                                                                                                                                                                                                                                            |
| <b>Operating Non-unitary</b>           | A group of properties that operate as a unit, but are not a part of the primary function of the assessee.                                                                                                                                                                                                                                                                     |
| <b>Parcel</b>                          | A cadastral (relating to land) unit of land division, the boundaries of which are determined by a registered civil engineer or licensed land surveyor (as required in Government Code §66445) and used as a basis of property taxation.                                                                                                                                       |
| <b>Parcel Number (APN)</b>             | A unique identifier assigned by the assessor to each <a href="#">parcel</a> of land within their county.                                                                                                                                                                                                                                                                      |
| <b>Personal Property</b>               | Includes all property except real estate (R&T Code §106).                                                                                                                                                                                                                                                                                                                     |
| <b>Property Tax Administration Fee</b> | During the 1990-91 State Budget deliberations, the legislature enacted Senate Bill 2557 (Chapter 6, Article 3). This bill contained the authorization to increase revenue to counties by a portion of the total property tax administrative costs attributable to local <a href="#">jurisdictions</a> excluding school entities. (R&T Code §95.3)                             |
| <b>Proposition 4</b>                   | Refers to annual appropriation limits per Article XIIIB of the California Constitution. See also <a href="#">Gann Limits</a> .                                                                                                                                                                                                                                                |
| <b>Proposition 13</b>                  | Refers to annual tax limits per Article XIII A of the California Constitution. The term normally is describing the maximum amount of any <a href="#">ad valorem tax</a> on <a href="#">real property</a> , which is one percent 1%.                                                                                                                                           |
| <b>Proposition 111</b>                 | Proposition 111 requires an annual review of the limit calculations required by the Gann Initiative or <a href="#">Proposition 4</a> .                                                                                                                                                                                                                                        |
| <b>Proposition 218</b>                 | Requires a vote of the affected taxpayers to implement a new or increase <a href="#">assessment</a> on <a href="#">real property</a> for a project or service.                                                                                                                                                                                                                |
| <b>Real Property</b>                   | Includes the possession of, claim to, ownership of, or right to the possession of land, all mines, minerals and quarries in the land and <a href="#">improvements</a> .                                                                                                                                                                                                       |

**Redevelopment Agency (RDA)**

A legislative mechanism that allows a community (via counties and cities) to revitalize deteriorating and blighted areas using a portion of the general property taxes derived from the affected area. Sometimes referred to as Community Redevelopment (CRD). (See Health & Safety Code §§33670 et al.)

**Redevelopment Project Area**

The geographic boundaries for which a redevelopment plan has been adopted. A [redemption agency](#) may have one or more project areas.

**Roll**

The entire [assessment](#) roll.

**Secured**

The secured [roll](#) is that part of the roll containing [state assessed property](#) and property the taxes of which are liens on [real property](#), in the opinion of the assessor, to secure payment of the tax.

**Secured Tax Roll**

Contains [state assessed property](#) and locally assessed property the taxes on which are adequately [secured](#) by a [lien](#) on the [real property](#), in the opinion of the assessor (R&T Code §109).

**Special Assessments**

Charges that are in addition to the [ad valorem tax](#). They may include direct [fixed charges](#) and bonds.

**Special District Augmentation Fund (SDAF)**

(Repealed in 1993-94.) In 1978 the Legislature established the fund in order to provide a locally administered program of financial assistance to [special districts](#). For the 1978-79 [fiscal year](#), the legislature appropriated \$192 million to assist special districts in meeting their service needs following the loss of property tax due to [Proposition 13](#). These funds were allocated by the county board of supervisors for districts within each county and by the city council for subsidiary districts.

**State Assessed Property**

All property required to be assessed by the [Board of Equalization \(BOE\)](#) under Section 29 of Article XIII of the Constitution, which is subject to local taxation and may include property owned by or used by regulated railway, communications companies, car companies operating on railway in the state, and companies transmitting or selling gas or electricity.

**Supplemental Assessment Roll**

The supplemental assessment roll contains a listing of all property that has undergone a [change in ownership](#) or experienced [new construction](#). The amount of each supplemental [assessment](#) is the difference between the property's new base year value, determined as of the date of change in ownership or completion of new construction, and the existing taxable value.

**Tax Increment**

In the current year, each [jurisdiction](#) receives its share of the property tax on assessed value growth or change within its boundaries. See also [Annual Tax Increment \(ATI\)](#).

**Tax Rate**

A factor levied per one hundred dollars of assessed [valuation](#). The tax rate is used to determine the revenue of various taxing agencies and [districts](#) within the specific [tax rate area \(TRA\)](#).

**Tax Rate Area (TRA)**

1) A geographical area comprised of a unique combination of taxing agencies and [debt service funds](#).  
2) An area over which a governmental body has authority to levy property taxes. There may be one or more [assessment](#) districts in the TRA.

**Tax Shift**

The reallocation of taxes from counties, cities and [special districts](#) to school districts via the [Educational Revenue Augmentation Fund \(ERAF\)](#) as mandated by R&T Code §97.2.

**Taxing Jurisdiction**

An entity that has statutory authority to levy taxes or charge special/direct assessments.

**Teeter**

The alternative method of tax [apportionment](#) for the distribution of tax revenue as established in R&T Code §4702 et seq. It is an accrual method, which recognizes a tax receivable (ATRF) and establishes a tax loss reserve (TLRF), and subsequently simplifies the tax apportionment process. Named for Desmond Teeter, the Contra Costa County Auditor, who was the bill's main author.

**TRA Allocation Factors**

The percentage of taxes to be received by each servicing/taxing entity within a [tax rate area \(TRA\)](#). Each TRA has a set of factors equaling one hundred percent (100%). These factors were originally established by [AB 8](#).

**TRA Consolidation**

The process of combining two or more [tax rate areas](#) that have the same unique combination of revenue districts into a single tax rate area.

**Unitary**

A group of properties that operate as a unit as part of the primary function of the assessee.

**Unitary Tax**

Assembly Bill 454, Chapter 1457, Statutes 1987 added R&T Code §100 providing for the identification and allocation of taxes attributable to [unitary](#) and [operating non-unitary](#) property assessed by the [Board of Equalization](#).

**Unsecured**

The taxes on which are not a lien on [real property](#) sufficient, in the opinion of the assessor, to secure payment of the taxes. (R&T Code §134)

**Valuation**

The price at which a property, if exposed for sale in the open market, would transfer for cash or its equivalent under prevailing market conditions.

**Source:** California Property Tax Managers' Manual.