

Wildfires: Implications to Property Assessments/Tax Bills

Prepared by the County of Los Angeles Assessor, Auditor-Controller and Tax Collector

<https://lacounty.gov/recovery> Quick link: Property Tax and Assessments

1. What action(s) do I need to take if the fire caused damage to or complete destruction of my property?

Answer: The Assessor recommends that the property owner file an Application for Reassessment of Property Damaged or Destroyed by Misfortune or Calamity (M&C Claim) with his office. The owner must have owned the property as of January 1, 2020, and the estimated property damage must be at least \$10,000. You may also file if you acquired the property after January 1 and you are liable for the property taxes for the July 2020 to June 2021 tax year. You may find the M&C Claim on the Assessor's website at assessor.lacounty.gov and at lacounty.gov/recovery, the County's wildfire information and resource guide. An M&C Claim is also attached (Attachment 1).

2. What is the purpose of filing an M&C Claim?

Answer: The filing of an M&C Claim serves two purposes. First, it serves as a request to the Assessor to re-assess the property due to damage caused by the calamity. Second, for those persons who pay their property taxes directly to the Tax Collector and not through an impound account with their mortgage lender, the M&C Claim serves to request deferral of current year taxes, pursuant to State law.

3. What exactly do you consider as "damage"? Does "damage" include smoke damage such as charred items, discolored walls, or ash and soot? Does it include the long lasting smells of fires?

Answer: In determining whether to file an M&C Claim, the Assessor recommends that you consider damage to include smoke damage. A property qualifies for relief if the total combined loss in current market value is \$10,000 or more on an individual property. If in doubt, we recommend you submit an M&C Claim.

4. Does the recommendation to file an M&C Claim only apply to real property (i.e., residences or commercial buildings) that are billed and collected as Secured Property Taxes?

Answer: The M&C Claim can be utilized for damage to real property and to personal property (i.e., movable assets such as mobile homes, business personal property, and boats and planes) that are billed and collected as Unsecured Property Taxes. The M&C Claim captures information on each property type.

5. What happens to my assessed value when/if I rebuild my home?

Answer: The reduced value remains until the property is fully repaired, restored or reconstructed. At that time, the factored base year value (Proposition 13 value with annual CPI adjustments) will be restored as long as it is substantially equivalent to the property prior to the damage or destruction. As a rule of thumb, if you add square footage, the incremental square footage will be assessed at current market value.

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6. I heard/read the Assessor is going to provide tax relief to impacted property owners. If this is true, then do I need to file the M&C Claim myself?

Answer: Yes, you should. While the Assessor is taking proactive steps to reassess properties impacted by the wildfire utilizing aerial photographs and data from first responders, the Assessor recommends strongly that if your property incurred **damage or destruction** that exceeds \$10,000, you should complete the M&C Claim as soon as possible (but no later than 12 months after the damage) and return it to the Office of the Assessor, 500 West Temple Street, MCU Room 286, Los Angeles, CA 90012. The form is available here - assessor.lacounty.gov and at lacounty.gov/recovery.

The Assessor will inform the property owner of the disposition of M&C Claim.

7. Do I need to pay the 1st installment of the 2020-21 Annual Secured Property Tax Bill, which becomes delinquent if not paid by December 10, 2020?

Answer: If an M&C Claim is filed and you pay your property taxes directly to the Tax Collector (and not through a lender with which you maintain an impound account), the Tax Collector recommends that you do **NOT** pay the 2020-21 Annual Secured Property Tax Bill, which the Tax Collector mails to you in October 2020. The reason for this is that the filing of an M&C Claim serves as a request for the Assessor to re-assess the value of the property, and it also serves as a request to the Tax Collector to defer payment of the 2020-21 Annual Secured Property Tax Bill, without penalty or interest.

Several months after you file the M&C Claim, the Tax Collector will issue an ADJUSTED 2020-21 Annual Secured Property Tax Bill. The ADJUSTED bill will reflect the Assessor's re-assessment of the property (if any), and the tax due may be less than the original bill mailed to you in October 2020. This ADJUSTED bill may be payable in two installments, the first of which will be due at the end of the month following the date the bill is issued and the second installment will be due four months later.

8. What happens if I paid the first installment of the 2020-21 Annual Secured Property Tax Bill already, or paid both installments? Should I file an M&C Claim?

Answer: An M&C Claim serves two purposes. First, it serves as a request to the Assessor to re-assess the property if the loss was at least \$10,000 in damage. Second, for those persons who pay their property taxes directly to the Tax Collector and not through an impound account with their mortgage lender, the M&C Claim serves to request deferral of current year taxes, pursuant to State law. **Several months** after you file the M&C Claim, the Tax Collector will issue an ADJUSTED 2020-21 Annual Secured Property Tax Bill. Any reductions in assessed values would result in a reduction in the tax owed. The difference between the original amount owed and the adjusted amount owed will be refunded to you.

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9. My lender pays my property taxes through an impound account. Should an M&C claim be filed?

Answer: Yes. However, for property owners who pay their property taxes through an impound account, the filing of an M&C Claim only serves the single purpose of requesting a re-assessment of the property. It does not serve to request deferral of current year taxes, pursuant to State law. If you pay your taxes through an impound account held with your mortgage lender, the lender will likely pay your first installment. As described previously, after you file the M&C Claim, the Tax Collector will issue an ADJUSTED 2020-21 Annual Secured Property Tax Bill. Prior to the second installment delinquency date of April 12, 2021, the Tax Collector will send to lenders the current tax liability for each property for which they maintain an impound account. You should contact your mortgage lender, if you have not already, and discuss the procedures the lender has in place regarding adjustments to tax liabilities processed within the tax year.

10. If I pay the amounts due pursuant to the ADJUSTED 2020-21 Annual Secured Property Tax Bill after the delinquency date and the Tax Collector applies the 10% late payment penalty, can I request that the Tax Collector cancel the penalty?

Answer: Yes. You must request the penalty cancellation by completing the online Penalty Cancellation Request at [ttc.lacounty.gov/penalty-cancellation-request-2](https://lacounty.gov/penalty-cancellation-request-2). Please note that in the online request, you should respond to Step 2 by selecting the California Revenue and Taxation Code Section 4985.2: Circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect.

11. What is the impact of the submission of an M&C Claim to my compliance with the terms of an existing Installment Plan of Redemption (Five-Pay Plan)?

Answer: The Tax Collector, in compliance with State law, offers property owners who defaulted on their Secured Property Taxes an Installment Plan of Redemption (Five-Pay Plan), which allows the property owner to pay defaulted taxes over a five-year period. If you entered into a Five-Pay Plan prior to the wildfire, the plan requires that you pay your 2020-21 Annual Secured Property Tax Bill and the Five-Pay Installment Payment due under your plan, no later than April 10, of each fiscal year. However, if you file an M&C Claim and the Tax Collector issues you an ADJUSTED 2020-21 Annual Secured Property Tax Bill with a due date after April 10, the Tax Collector will consider your plan in good standing as long as that bill is paid by the delinquency date printed on the bill.

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12. What impact will the filing and/or approval of an M&C Claim have on my 2020 Unsecured Personal Property Tax Bill for my unsecured property (i.e., movable assets such as mobile homes, recreational vehicles, boats and planes)?

Answer: Unsecured personal property is assessed as of the statutory lien date, January 1, of each fiscal year. The Tax Collector mailed the 2020 Unsecured Property Tax Bill beginning March 1, 2020, and bills became delinquent if not paid by August 31, 2020. Because the wildfire occurred after the lien date of January 1, 2020, the filing of the M&C Claim will not impact the 2020 Unsecured Property Tax Bill due dates or amounts due. If you file an M&C Claim and the Assessor approves it, and if you owned the property as of January 1, 2020, the assessed value of the personal property may be reduced or eliminated for the 2021 Annual Unsecured Property Tax due.

13. What is the relationship between the *Application for Reassessment of Property Damaged or Destroyed by Misfortune or Calamity* and the Decline-in-Value process authorized by Proposition 8?

Answer: An *Application for Reassessment of Property Damaged or Destroyed by Misfortune or Calamity* provides temporary relief until the property is fully repaired, restored or reconstructed. A Proposition 8 Decline-in-Value provides for reductions for reasons other than misfortune, calamity or disaster.

14. How do I change my mailing address on file with the Assessor to reflect where I am currently staying?

Answer: Information on how to change your mailing address is available at the website, assessor.lacounty.gov/change-mailing-address and attached, as Attachment 2.

15. What advice can you offer about how to protect ourselves from property-related scams that might develop?

Answer: Rely on your common sense. If something does not make sense to you, then request additional information or ask for a business card and then take steps to verify the firm and the representations its agents have made to you. Occasionally, it is necessary for an appraiser from the Office of the Assessor to visit and physically inspect property for assessment purposes. Appraisers carry County of Los Angeles photo identification. You should not admit any person claiming to work for the Office of the Assessor to your property if he or she cannot produce photo identification. Also, beware of government imposters – persons who identify themselves as City, County, or State staff, and ask you for information that is out of the ordinary, e.g., a personal security number as a required prerequisite to making an online payment.

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The County of Los Angeles Department of Consumer and Business Affairs also has important information available on its website regarding real estate fraud (dcbalacounty.gov/portfolio/homeowner-notification-program-2) and measures you can take to protect yourself from post-disaster scams (dcbalacounty.gov/newsroom/protecting-yourself-after-the-disaster).

16. How do I check on the status of my M&C Claim?

Contact the Office of the Assessor at:

- North District Office
13800 Balboa Boulevard
Sylmar, CA 91342
(818) 833-6000
- East District Office
1190 Durfee Avenue
South El Monte, CA 91733
(626) 258-6001
- Misfortune and Calamity Unit (MCU)
(213) 974-8658

17. To whom may I speak if I have questions?

Assessor

- North District Office
13800 Balboa Boulevard
Sylmar, CA 91342
(818) 833-6000
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Auditor-Controller

- Mr. Paul Bernal
Tax Services Division
500 West Temple Street, Room 153
Los Angeles, CA 90012
Telephone: (213) 974-9499
Email: pbernal@auditor.lacounty.gov

Tax Collector

- Ms. Dianne Wright
Executive Office, Room 437
500 West Temple Street, Room 437
Los Angeles, CA 90012
Telephone: (213) 974-0700
Email: dwright@ttc.lacounty.gov

Attachments

- Attachment 1: Application for Reassessment of Property Damaged or Destroyed by Misfortune or Calamity
- Attachment 2: Change of Mailing Address