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Attention Builders and Developers

An important announcement from Assessor Rick Auerbach

On September 22, 2005 Governor Arnold Schwarzenegger signed SB 555 into law. The bill was sponsored by the California Assessors' Association and actively supported by my office. The bill made numerous improvements to the property tax process but one in particular is of great interest to builders and developers across the State.

Whenever there is new construction, the law requires a supplemental assessment based upon the completion date of the new construction. A separate tax bill is prepared covering the portion of the fiscal year remaining after the date of completion of the new construction. In some situations, the amount of the supplemental tax bill is significant. Existing law exempts from supplemental assessment the completion of new construction of properties not intended to be occupied or used by the builder. Housing tracts are the best example of this. This exemption, however, is not automatic. Prior to the passage of SB555, the property owner had to notify the assessor prior to, or within 30 days, of the commencement of construction that he or she does not intend to occupy or use the property. The notification is done by means of the completion of a form, the *Claim For New Construction Exclusion - Date of Construction (CONEX)*. If the form is not submitted timely, the exclusion cannot be granted.

With the passage of SB 555, the filing of the *CONEX* is no longer necessary if the owner's property meets all of the following conditions:

- The property will not be occupied or used (leased or rented) by the owner.
- The property is subdivided into five or more parcels in accordance with the Subdivision Map Act.
- A map describing the parcels has been recorded.
- Single-family residences (including condominiums) will be constructed.

Simply put, in most situations builders of residential tracts will receive the supplemental exclusion automatically. It is important to note that SB 555 is effective January 1, 2006. Projects commencing prior to that date still require the filing of the *CONEX*.

One of the things that I am most proud of as Assessor is the formation of a Citizens Advisory Committee. This committee provides input to my office on how we can improve the property tax system. The number one issue from the builders and developers on the committee was the *CONEX* process. SB 555 resolves this issue in addition to reducing the Assessor's administrative costs – truly a “win/win” situation.

If you would like more information or have any questions, please call Barry Bosscher, Special Assistant, at (213) 974-3101.