
NEWS

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FOR IMMEDIATE RELEASE

ESTIMATES OF LOS ANGELES COUNTY'S COMMERCIAL PROPERTY VALUES TOO HIGH IN PROPOSITION 13-RELATED STUDY

A recent study estimating the variance between the actual market value of commercial property in Los Angeles County and its assessed value under Proposition 13 significantly over estimates the amount of difference between the two, according to County Assessor Rick Auerbach.

Auerbach said his department's analysis of commercial values showed an estimated \$47 billion difference between market value and Prop. 13 values as compared to an \$84 billion variance cited in a study done by the Center for State and Local Taxation at the University of California at Davis.

"My staff has already contacted the authors of this study to explain some of the flaws which caused this result," Auerbach said.

The UC study was requested by the State Senate Office of Research to determine how much new tax revenue might be created by implementing a reassessment of commercial property. Currently, Prop. 13 allows the revaluation of commercial property only when it changes ownership, undergoes new construction or experiences a temporary decline in value.

By erroneously concluding that a sampling of Los Angeles County commercial values showed the \$84 billion difference, the study assumes that \$840 million in new tax revenue could be raised. If that difference was applied to assessment rolls statewide, the study concluded that the tax revenue increase could be \$3.35 billion throughout California.

"It should also be noted," Auerbach added, "that whatever numbers are used, Proposition 13 can only be changed through a constitutional amendment approved by the voters."

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