

## So What is Maximum Assessed Value?

One of the long-standing complaints against the property tax system among property owners prior to the implementation of Measure 50 was that people did not know from year to year what their tax bill was going to be.

In 1997, voters approved Measure 50, which, among other things, separated Assessed Values (AV) from Real Market Values (RMV).

Measure 50 created a new value called Maximum Assessed Value (MAV) and capped its growth at 3%. When legislators were debating this particular aspect of the new property tax system, some of the more conservative members of the revenue committees felt that allowing MAV to increase in value indefinitely was not good public policy since it could mean that a property would continue to be assessed at its RMV even after large increases in the market value.

The solution was to 'freeze' the MAV if the RMV fell below it. In SB 1215, the calculation of MAV changed to:

the prior year's AV x 1.03 or the prior year's MAV, whichever is greater

Even this approach caused concern on the part of the legislators since it would be possible for a property's AV to increase more than 3% under certain circumstances.

### Example

Value Type	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Market	323,904	312,200	288,886	312,820	373,667	408,527	400,004	380,000	330,281	288,698	294,116
Assessed	323,904	312,200	288,886	312,820	315,692	306,497	297,570	288,903	280,488	272,318	264,386
MAV	325,163	325,163	325,163	325,163	315,692	306,497	297,570	288,903	280,488	272,318	264,386
RMV Increase	3.7%	8.1%	-7.7%	-16.3%	-8.5%	2.1%	5.3%	15.1%	14.4%	-1.8%	
AV Increase	3.7%	8.1%	-7.7%	-0.9%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	

