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## **Economy & Efficiency Commission Presentation**

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*Editorial Note: Although every effort has been made to insure the accuracy of the material in this presentation, the scope of the material covered and the discussions undertaken lends itself to the possibility of minor transcription misinterpretations.*

**PRESENTATIONS BY  
John R. Noguez  
Assessor  
Los Angeles County**

**February 2, 2012**

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### **Overview of Los Angeles County**

Chairman Barcelona greeted Mr. Noguez, Assessor for Los Angeles County and welcomed him while turning it over for Mr. Noguez to speak to the Economy and Efficiency Commission.

### **Department Overview**

Mr. Noguez stated that he became the 26th Assessor of Los Angeles County, following his victory in November 2010 with nearly one million votes. He stated that he joined the Assessor's Department 25 years ago as a student worker and rose steadily through the ranks to hold the position of Appraiser Specialist, focusing on major business properties, including banks and shopping centers, and historic structures such as the Bradbury Building, and inner city condominium conversions. He later worked as a Special Assistant to former Assessors Robert Quon and Rick Auerbach, including serving as their liaison with realtor, homeowner and community organizations.

Mr. Noguez stated that while pursuing his career in the Assessor's Department, Mr. Noguez also was elected to office in the City of Huntington Park in 2000, where he served a decade as Mayor, Member of the City Council and City Clerk.

Mr. Noguez stated that he has also been a government leader in several significant positions, having served as President of the League of California Cities, Los Angeles Division, and Secretary/Treasurer of the California Contract Cities Association.

Mr. Noguez stated that the he would like to introduce his staff that helps him on a day to day basis: Chief of Staff Dr. Christopher Carlos, Assistant Assessment of Administration George Ranke, Assistant Assessor of Valuations Eric Hogginson, Communications Director Louis Reyes, Outreach Team Assistant El Cid DeRamos, and the IT Division's Scott Thornberry and Eric Cabrera.

### **Property Tax and Assessment**

Mr. Noguez stated that the State law mandates that all property is subject to taxation unless otherwise exempted. He stated that property taxes support necessary services provided to the residents of Los Angeles County. He stated that these include law enforcement, fire protection, education, parks and recreation, and other vital services. He stated that property taxes are based on the assessed value of your property. He stated that property tax bills show land and improvement values. He also stated that improvements include all assessable buildings and structures on the land.

Mr. Noguez stated that in 1978, California voters passed Proposition 13, which substantially reduced property tax rates. He stated that as a result, the maximum levy cannot exceed 1% of a property's assessed value. He stated that the increases in assessed value are limited to 2% annually. He stated that there are only four events that can cause a reappraisal: 1. A change of ownership 2. Completed new construction 3. New construction partially completed on the lien date 4. A decline in value

Mr. Noguez stated that when a publicly recorded transfer occurs, his department receives a copy of the deed and then determines whether a reappraisal is required under state law. He stated that if it is required, then an appraisal is made to determine the new market value. He stated that upon notification of the new assessment, the property owner has the right to appeal the value if he/she does not agree with it.

Mr. Noguez stated that various private companies have sent out mailings to property owners offering their services to pursue a reduction in their property taxes. He stated that these companies may charge hundreds of dollars to file for a reduction in value on behalf of the property owner. He also stated that some companies even impose late fees if the application is received after an arbitrary deadline. He stated that all property owners need to be aware that solicitations from private companies offering to pursue a reduction in property taxes must clearly indicate that they are not a government agency and that their services are not approved or endorsed by any government agency. He stated that failure to provide such notice is a violation of California law. Mr. Noguez stated that effective January 1, 2010; it is illegal for companies or tax agents to collect fees in advance to file for a reduction in value. He stated that fees may only be collected after an application has been filed with either the Assessor or the Assessment Appeals Board. He stated that if anyone receives a solicitation that appears to have come from a government agency or requests an upfront payment of a fee, you can contact Los Angeles County's Consumer Affairs Department. He stated that there is no need to pay for a review that the Assessor's Office will do for free. He also stated that property owners can check the Department's "Will My Property Be Reviewed for a 2010 Decline in Value" webpage to find out if their property automatically qualifies for a 2010 decline-in-value review. He stated that property owners whose property is included in the review were notified of the results in writing by June 30, 2010.

### **Decline in Value**

Mr. Noguez stated that in 1978, California voters passed Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a "decline-in-value." He stated that a decline-in-value occurs when the current market value of your property is less than the current assessed value as of January 1st. He stated that you must demonstrate that on January 1st, the market value of your property was less than its current assessed value. He also stated that you must file a Decline-in-Value Review Application, form RP-87, with the Assessor between June 1st and November 30th for the fiscal year beginning on July 1st. He stated that applications are valid if postmarked by November 30th. He stated that if November 30th falls on a Saturday, Sunday, or a legal holiday, an application is valid if either filed or postmarked by the next business day.

### **Questions**

Commissioner Kamenir-Reznik asked what the impacts are on the Assessor's Office in terms of reassessment. Mr. Noguez replied that the Department is not in on the revenue implications. He stated that he has met the mayors and council members and they are on him about how he dropped the budget. He stated that he reminds them that his home that he paid \$250,000 for 8 years ago went up to \$600,000 and he was unsure how he would be able to afford his house. He stated that his house is now back down to \$250,000 dollars. He stated that the Assessors Office proactively reviewed the entire city of Huntington Park

and it is now down to \$247,000. He stated that there is a misconception that the Assessor should care about the tax revenue. He stated that his department reminds cities that the Assessor doesn't focus on the value aspect. He stated that the overall estimate of the 380,000 parcels that his department has reviewed represents an average of \$160,000 reduction. He stated that this is almost \$2,000 in tax savings to the consumer.

Commissioner Kalm stated on the subject of online applications, the County CEO back in June 2011, provided a response to a request from then Chair of the Board Mayor Antonovich, a list of e-government applications throughout the County. He stated that of the 122 that the CEO reported on, only 1 was a response from the Assessors Office; and of the 20 in progress, none were from the Assessor's office. Commissioner Kalm muse that perhaps there was a lack of communication between the Assessors's Office and the CEO. He asked to what extent can the Assessor take a better look at various applications (i.e. banks and credit card companies) and try to encourage their customers not to request paper copies of visa bills or bank statements as applied to the 500,000 pieces of paper the Assessor's Office sends out every year. He stated that if people had a way of opting out to get their tax bills online and make their tax payments online, then there would be a potential savings of 45 cents to .60 cents per tax bill. Mr. Noguez replied that he is unsure if the Tax Collector is working on an application like that but as far as credit card payment goes, he knows that the Tax Collector has had issues with people paying with a credit card because they have to charge a surcharge and people don't want to pay the surcharge. He stated that the reason the Tax Collector cannot forgive the 2 to 3% surcharge is because that is what the credit card company is charging the County.

2nd Vice-Chair Fuhrman stated that he has a property in Lake Tahoe, and Waldo County allows him to pay property tax of the year electronically with a one dollar surcharge. Mr. Noguez stated that that is a great idea. He stated that when the Commission has the Tax Collector at a future meeting, the Commission should be sure to bring it up to him. He stated that the Tax Collector does the Collections the way he wants to. He stated that he will bring it to the Tax Collector's attention.

2nd Vice-Chair Fuhrman asked if there is any sense on the percentage increase on the consumer assessed roll for the upcoming year. He stated that we were at one and a half percent last year. Mr. Noguez replied the County was at one and half percent and a lot of people thought it was startling and now we are at about 1.7 percent and his department is being cautiously optimistic because the last quarter of the year could provide a negative. He stated that his department has informed the Supervisors as well and that Mr. Fujioka's current projections stand at 1.7 percent.

Commissioner Safier asked what kind of volume of seniors take advantage of Prop 60. Mr. Noguez stated that there is a fair amount and the department is doing a lot of outreach to bring the advantages of Prop 60 to their attention.

Chairman Barcelona expressed his appreciation to Mr. Noguez and invited him to come back to speak to the EEC in the near future and the Commissioners applauded.

[Return to Top of Presentation](#)

[Return to Agenda](#)



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