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