



PILLSBURY WINTHROP_{LLP}

TO ALL CALIFORNIA REAL PROPERTY OWNERS AND LESSEES:

Prop 8 Relief Could Provide You Large Property Tax Savings

ACT NOW TO REDUCE ASSESSED VALUES TO REFLECT MARKET DECLINES

Pillsbury Winthrop would like to alert you to the possibility of substantial savings on your 2002 California property tax bills. If you own or lease property in this state, you should be aware that California property tax law provides that your current year's assessment on any particular piece of real property is limited to the lesser of the Proposition 13 base year value or the current (January 1) fair market value, sometimes called the "Proposition 8 value."

In times of declining real estate values, taxpayers must consider whether this rule could reduce their current year assessments and tax bills and, if so, by how much. Assessors will sometimes enroll current market value reductions for homeowners but rarely volunteer to effect reductions for business owners. It is up to you to protect your own interests and see if your company qualifies for significant tax savings.

We will be assisting many of our California-based clients in seeking multi-million dollar property tax reductions this year. However, savings from Proposition 8 are not limited to California-based companies. The rule applies to all California real estate, including property held (or leased) by any entity or individual, U.S. based or foreign.

As the holder of an office building, hotel, apartment building, retail center, high tech plant or campus, or other real property holding, here is an example of what you could save:

Proposition 13 Base Year/Assessed Value	\$75,000,000
Value on January 1, 2002	\$55,000,000
Difference in Value.....	\$20,000,000
APPROXIMATE ANNUAL TAX SAVINGS	\$200,000
(1% of the Difference in Value)	

PROP 8 RELIEF COULD PROVIDE YOU LARGE PROPERTY TAX SAVINGS

Pillsbury has a vast amount of experience in successfully obtaining these property tax savings for our clients. Our firm has worked with owners of all kinds of commercial, industrial and investment properties to obtain Proposition 8 savings through administrative and/or judicial means. Moreover, while many of the property tax professionals who do this work charge from a 25 to a 40% contingent fee, Pillsbury generally does the work on an hourly basis, which can produce a substantial cost savings for your company.

TAX SAVINGS EQUAL TO 1% OF MARKET DECLINE

The need to review property tax assessments is critical for those real property owners or lessees whose properties were given new Proposition 13 base year values during the 1999-2000 or earlier market peaks. For example, if your company bought or built a new investment or owner-occupied property in Northern California (or signed a long-term lease on such a property) during that 1999-2000 period, such property may have suffered anywhere from a 10 to 40% decline in value as of January 1, 2002. In this instance, Proposition 8 relief could reduce the current year property taxes on such a property by a corresponding 10 to 40%. Your potential tax savings is 1% of the difference between the Proposition 13 value and the current Proposition 8 value.

THE TIME FOR ACTION IS NOW

It may be possible to gather your evidence and meet with the Assessor before this year's property tax roll goes to the Tax Auditor/Collector around June 30. Some Assessors will also meet with us informally in July or August and make a roll correction (and then instruct the Tax Collector to send out revised 2002 tax bills).

If the informal process is not successful, the next step is to file an Application for Reduced Assessment with your local Assessment Appeals Board in the pertinent county(ies). This application will cause the Assessor to act on your request or require the Assessments Appeals Board to hold an administrative hearing to set the correct value. The deadline for filing such applications is generally September 15 of each year.

PILLSBURY HAS THE EXPERIENCE AND KNOWLEDGE TO ASSIST YOU

We have the lawyers and the experience to help you through the process quickly and efficiently, we have a proven track record of success in this area, and we look forward to working with you. Please feel free to contact any one of the Pillsbury lawyers listed below.

PILLSBURY WINTHROP LAWYERS WHO CAN HELP YOU



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Pillsbury Winthrop LLP is a global law firm, committed to providing superior and distinctive client service. It has approximately 800 lawyers in 16 offices throughout California, the East Coast, Europe and Asia. We have represented taxpayers in dealing with Assessor Offices and Assessment Appeals Boards in nearly every California county.

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