

MELLO-ROOS TAX TIPS



Understanding Your Property Tax Bill

What is a Mello-Roos fee?

A Mello-Roos fee is a separate charge on a property tax bill in addition to the 1% property tax rate allowed by Proposition 13. The funds are used exclusively to pay for public facilities such as police and fire departments, schools, parks, roads, and libraries etc.

How are Mello-Roos assessment fees established?

Mello-Roos fees are normally established at the request of a major developer to finance the necessary public facilities to serve the new development. The public agency issues tax-exempt bonds to pay for these public facilities over a number of years. Commercial and industrial property owners are also subject to Mello-Roos.

Who authorized the establishment of Mello-Roos districts?

The Mello-Roos Community Facilities Act of 1982 was co-authored by senator Henry Mello and assemblyman Mike Roos and authorized by state law to allow any public agency to implement fees and issue the necessary tax exempt bonds.

How much is a typical Mello-Roos assessment fee?

Typically, a formula that relates to the size of the home (lot size or square footage) is used to determine the amount of an individual assessment. The amount of taxes is established before the home is built and is not based on the current value of the property.

How do I pay these taxes?

Your Mello-Roos tax will typically be collected with your general property tax bill.

What happens if a tax payment is late?

Because the Mello-Roos tax is usually collected with your general property tax bill, the facilities district that obtained the lien may withdraw the assessment from the tax roll and begin foreclosure proceedings. Mello-Roos taxes are subject to the same penalties that apply to regular property taxes.

How long will these Mello-Roos fees last?

Typically, the bonds are paid off in 20 years, but state law allows up to 40 years. Those who purchase a new home have the option to pay for their Mello-Roos tax in its entirety at the time of purchase.

Will my Mello-Roos fee increase?

It can; however, this special tax can increase only at a maximum rate of 2% per year over a 25 year period. On the other hand, it's also possible that this tax will decrease, should state or other funds become available that could be used to reduce existing bond indebtedness, or be used to construct new facilities in lieu of additional bond sales.

Who can I contact regarding Mello-Roos fees?

Contact your local county assessor's office. They have the phone numbers and names of persons to call for each Mello-Roos district.



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