

The background of the entire slide is a detailed, light green architectural floor plan of a building, showing various rooms, corridors, and structural elements. The plan is oriented vertically, with the top of the page at the top of the image.

**Prepared for:
El Dorado County
Association of Realtors**

PROPOSITION 19

**The Home Protection for Seniors, Severely Disabled, Families, and Victims of
Wildfire or Natural Disasters Act**

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History of Base Year Value Transfer Propositions

Year	Proposition	Effect
June 1978	13	1) Established base year value as of 1975, change in ownership or new construction. 2) Limited growth in AV to 2%. 3) Set tax rate at 1%
Nov 1978	8	Requires Assessor to assess property at lower of Prop 13 value or market value as of the lien date.
1982	3	Allowed base year transfers where property changes ownership due to eminent domain action by the government.
1986	50	Allows transfer of base year value to replacement where change of ownership is caused by Federal or State declared disaster
1986	58	Allows “intergenerational” transfer of principal residence & \$1,000,000 in other property from parents to children
1986	60	Allows transfer of base year value to replacement residence within county based on age and value of replacement property. Requirements include age, principal residence, 2-year time limit and value test.
1988	90	Allows transfer of base year value to replacement residence to county based on age and value of replacement property where <u>accepting county has adopted ordinance</u> . 13/58 counties adopted at some point, some of which later rescinded. EDC rescinded effective 11/7/2018.
1990	110	Allows transfer of base year value to replacement where disability necessitates moving to accommodate.
1996	193	Extends Prop 58 to grandparent to grandchildren when parents deceased
2020	19	Replaced Propositions 58, 60,90,110, and 193 - Eliminated \$1 million in other property from intergenerational transfer, also requires transferred principal residence to become the residence of the transferee and remain so or property is required to meet the definition of “family farm”. Expands over 55 base year transfer statewide and allows purchasing replacement home with greater market value than original. Allows three transfers. Applies same rules to transfers based on calamity and disability.

* **Proposition numbers in yellow are currently active.**

Basic Proposition 19 Facts

BYV transfers for age 55+, disabled, or victims of wildfire/natural disaster

- Principal residence
- Purchase/newly construct within 2 years of sale anywhere in California
- Transferor does not have to own 100% of the original property, but 100% must be sold and reassessed. 100% of replacement property must also be transferred, even if to more than one person – all parties benefit from claim.
- Any value - No adjustment to transferred base year value if the replacement property is of equal or lesser value than the original property's market value. Amount above “equal or lesser value” added to transferred value.
“Equal or lesser value” means:
100% if replacement purchased/constructed prior to sale
105% if replacement purchased/constructed in 1st year after sale
110% if replacement purchased/constructed in 2nd year after sale
- Limited to 3 transfers per category (55+, wildfire/disaster, disabled)
- Must file claim within 3 years of purchase or completion of construction of replacement dwelling in order to get retrospective relief (if not timely filed, only prospective relief available).

Intergenerational transfers

- Must be principal residence (family home) of transferor **and** transferee (transferee must file for homeowners' exemption within 1 year of transfer) or the property must meet definition of “family farm”. The transferred property must remain the principal residence or family farm, or the exclusion is removed.
- If transfer is a grandparent/grandchild transfer, all of the parents of the grandchildren must be deceased as of the date of the transfer.
- Value limit of current taxable value plus \$1,000,000 (as annually adjusted). For transfers 2/16/23 through 2/15/25, the value limit is current taxable value plus \$1,022,600. This amount will be adjusted for inflation every other February 16 thereafter.
- Eliminates exclusion for any other type of real property.
- Exclusion claim must be filed within 3 years of transfer or before transfer to a third party, whichever is first. If property is reassessed, the claim must be filed no later than 6 months after the notice of the supplemental or escape assessment. (If deadlines are missed, prospective relief is only available)

Additional Proposition 19 Information

- The intergenerational portion of Proposition 19 includes transfers of family farms, which is defined as any real property which is under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity. The definition of "family farm" contains no requirement that it be the principal residence of the transferor or transferee or that the family farm have a family home on the property.
- The base year value provision of Prop 19 also includes the ability to perform additional construction on the replacement residence, subsequent to the purchase, as long as the construction is also finished within the original two year deadline from the sale of the original property and the assessor is notified of completion within six months of the completion date. If the construction causes the fair market value of replacement to exceed the original residence, the difference will be added to the transferred base year value.
- Proposition 19 exclusions do not apply to transfers of ownership interests in legal entities, such as partnership interests or corporate stock.
- Under the wildfire/disaster provision of a base year value transfer, the property must be sold in its damaged state to qualify for this provision. Additionally, a disaster must include a governor proclamation or declaration, but for a wildfire only has to meet the definition of a wildfire.
- For both provisions of Prop 19, A principal residence shall include an accessory dwelling unit or junior accessory dwelling unit in its appraisal unit if the accessory dwelling unit or junior accessory dwelling unit is not separately alienable from the title of any other dwelling unit on the property and the eligible transferee occupies one of the structures as their primary residence.

Important Takeaways:

- Proposition 19 is an Amendment to CA Constitution, Article XIII A, passed by California voters in the November 2020 Election. The parameters set forth in Proposition 19 are absolute. There is no authority for the Assessor or the State Board of Equalization to change any of the parameters of Proposition 19.
- Large decrease in intergenerational exclusion applications because Prop 19 requires the property to be a family farm or primary residence of transferor and transferee, whereas Prop 58 and 193 only required property to be primary residence of transferor. We are seeing that the intergenerational portion of Prop 19 is beneficial when the parents/grandparents live in the same community as the children/grandchildren.
- There are many complex pieces to base year value transfer provisions, especially with Proposition 19. We urge real estate industry professionals to stay in close contact with the Assessor's staff or to direct clients to our office with any questions on these propositions. We will do everything we can to help you or your client to ensure they have the most accurate information possible for their particular situation.



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Questions?