

# PROPOSITION 19

## California Proposition 19- Property Tax Transfers, Exemptions, and Revenue for Wildfire Agencies and Counties Amendment (2020)

### Part I

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

The Act expands on Proposition 60/90 and now includes, severely disabled individuals and victims of wildfire or natural disasters; in addition to seniors when they purchase or move to a replacement dwelling within two years of the sale of the original residence. The victims of natural disasters and the victims of wildfires can qualify if the governor has declared that the area is in a natural disaster area and that the home has been deemed damaged substantially more than 50% of the home's value.

The Act also expands on Proposition 60/90 to allow an owner to transfer their tax base onto their replacement home up to three times in their lifetime. In addition, the Act allows all counties in California to participate in the program.

The Act expands on Proposition 60/90 to allow the party to acquire a replacement dwelling at an increased value. No longer does the purchase of the replacement dwelling have to be equal or lesser value. Now, a new home can be purchased at a higher price. When that happens, the tax value of the original home will apply to the replacement dwelling but the value above the original home sale price on the new home price will be taxed at the current assessed tax value.

For example:

- Original home has a tax base of \$250,000.00 and sells for \$1,000,000.
- Replacement home is purchased for \$1,500,000.
- New tax base would be the original \$250,000.00 plus the difference in sale price of \$500,000.00.

**Please contact the county assessor in the county where your replacement property is located for the necessary forms.**

The Home Protections for Seniors, Severely Disabled Families and Victims of Wildfire or Nature Disasters Act will go **into effect on purchases happening after April 1, 2021.**

### Part II

#### **The Property Tax Fairness for Family Homes**

This has to do with the parent to child or grandparent to grandchild transfers. This changes the current law which allows all properties that are transferred to a child or grandchild (other than commercial, multi-family residences, or vacant homes) to be exempt from being taxed at the current tax value of the property.

Previously, all transfers (excluding commercial, multi-family residences or vacant lots) that were transferred to the child or grandchild were exempt from reassessing the home at the current tax value. This now changes it to be that the transfer to the child or grandchild will be required to be their primary residence. If the property is not the primary home of the child or grandchild it will be taxed at the current tax value.

The Property Tax Fairness for Family Homes will have a cap to the exempt amount even when the child or grandchild is making the property their primary residence. The child or grandchild can only have an exempt increased value of \$1,000,000.00 (amount to be increased in future years by the State Board of Equalization based on inflation). This means that if the property is taxed at \$250,000.00 and the property's current value is \$1,250,000.00 there is no increase in the taxation value. If the current value is over the \$1,250,000.00 then the tax base is increased by the amount above that value.

The Property Tax Fairness for Family Homes part **will go into effect on transfers that close on or after February 16, 2021.**

### Part III

#### **Protection of Fire Services, Emergency Response and County Services**

This part of the Act dedicates a portion of the revenues from Parts I and II to the fire protection and emergency response which addresses inequities in underfunded fire districts, ensures all communities are protected from wildfire and safeguards the lives of millions of Californians.

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