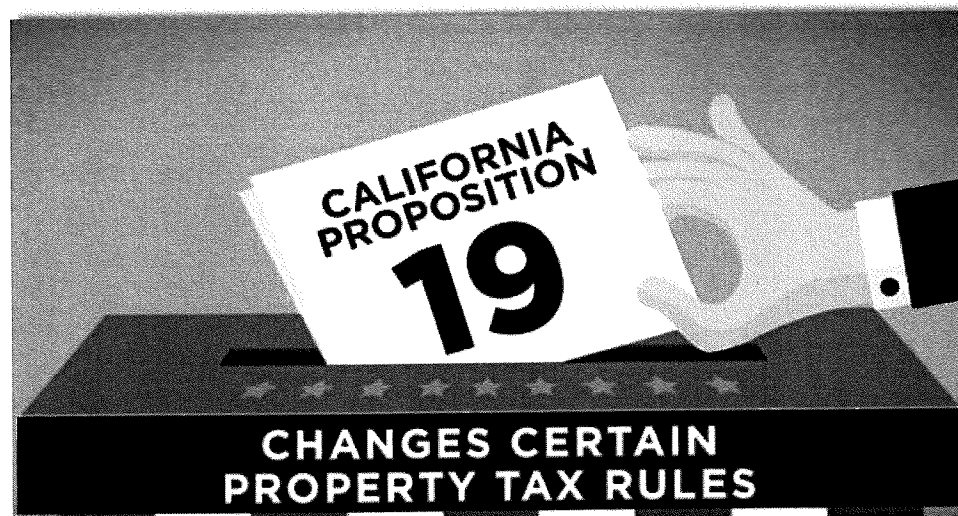


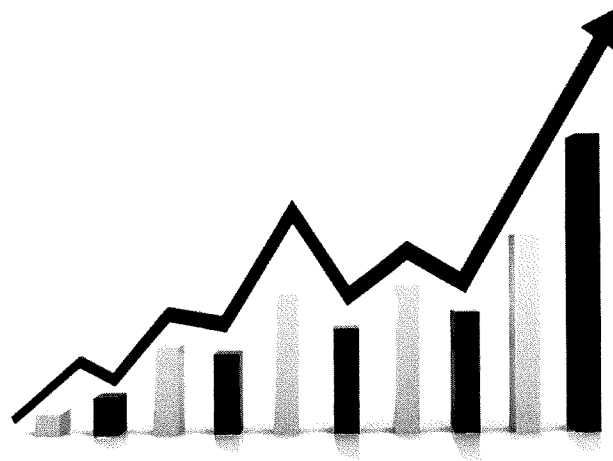
What is Proposition 19?

- On November 3, 2020, California voters approved Proposition 19
- Added new provisions of the parent-child and grandparent-grandchild exclusions
- Added new provisions for a base year value transfer of a primary residence for persons at least age 55 or severely disabled or victims of wildfires or natural disasters



Market Value vs. Assessed Value

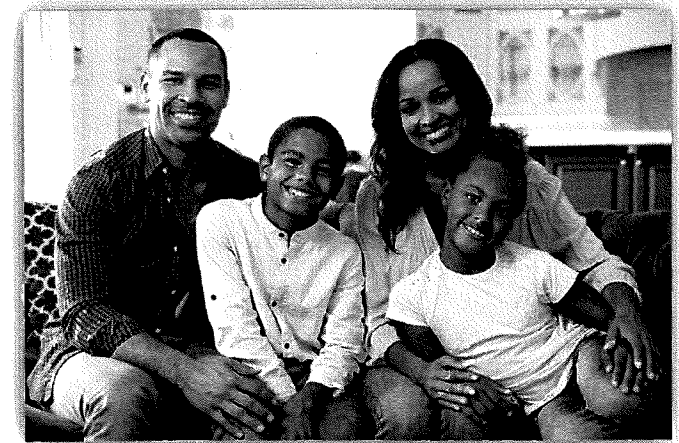
- Market value is the market-driven price of any property at a given place and time or what the price a home could be sold for
- Assessed value of real property is determined by the County Assessor at the time property is purchased, generally the sales price
- The assessed value will then become the “base year value”



Parent-Child and Grandparent-Grandchild Exclusion

Effective February 16, 2021

- Allows transferee to retain taxable value of transferor
- Must be principal residence of parent and continue as principal residence of child (or grandparent and grandchild if parents deceased)
- Value limit of current taxable value (factored base year value) plus \$1 million (adjusted annually by California House Price Index beginning in 2023)
- Family homes and family farms are included (farm doesn't require residence and can be more than one parcel)
- Transferee must make home primary residence within 1 year of transfer and file homeowners' or disabled veterans' exemption claim within 1 year



Proposition 19 Value Limit Test

Example:

At the time of the transfer, a single-family residence has a factored base year value (FBYV) or *taxable value* of \$300,000 and a fair market value of \$1,500,000.

1. Calculate the sum of FBYV plus \$1,000,000:

\$300,000	+	\$1,000,000	=	\$1,300,000
FBYV/Taxable		Prop. 19 Allowance		Excluded Amount

2. Since the fair market value is greater than the excluded amount, calculate the difference between the fair market value and the excluded amount:

\$1,500,000	-	\$1,300,000	=	\$200,000
Fair Market Value		Excluded Amount		Difference

3. Thus, the adjusted base year value is \$500,000:

\$300,000	+	\$200,000	=	\$500,000
FBYV/Taxable		Difference		New Taxable Value



How to Apply for the Parent-Child or Grandparent-Grandchild Exclusion

Effective February 16, 2021

- Submit form BOE-19-P (parent-child) or BOE-19-G (grandparent-grandchild) to the County Assessor where the property is located
- File BOE-19-P or BOE-19-G within 3 years of transfer date, but before transferring the property to a third party
- Transferee must also file for the homeowners' or disabled veterans' exemption within one year of the transfer date by filing form BOE-266 or BOE-261-G (BOE Property Tax Rule 462.520 allows claim filing after one year with exclusion applying starting year of claim.)

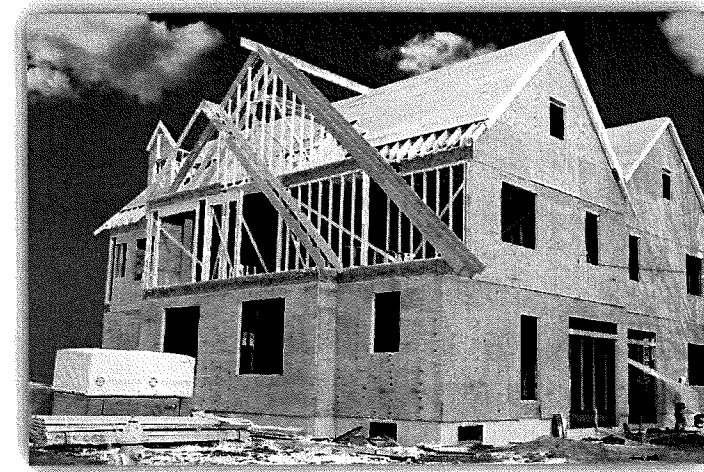
(Additional information available on BOE's Proposition 19 Fact Sheet and Taxpayers' Rights Advocate Office Information Sheets Publications 800-1 and 800-2)



Proposition 19 Base Year Value Transfer Persons Over Age 55 or Older/Disabled

Effective April 1, 2021

- Must be your principal residence
- Purchase or newly construct replacement home within two years of sale of original home
- Anywhere in California
- You can transfer three (3) times
- Must be age 55 or older when original home is sold or any age if disabled
- Sale of original or purchase/completion of replacement must occur on or after April 1, 2021
- No limit to market value of replacement compared to original but market value difference added to transferred value



Base Year Value Transfer Example

- **Example #1: Replacement Market Value \leq Market Value of Original**

- Original Taxable Value = \$300,000
- Original Market Value = \$900,000
- Replacement Market Value = \$700,000

Since the replacement's market value is less than the original's market value, the taxable value (factored base year value) transferred to replacement will **remain** at \$300,000 with no adjustment.

- **Example #2: Replacement Market Value $>$ Market Value of Original**

- Original Taxable Value = \$300,000
- Original Market Value = \$600,000
- Replacement Market Value = \$700,000

Since the replacement's market value is \$100,000 more than the original's, the difference in market value is **added** to the transferred value. The taxable value of the replacement will be \$400,000 (\$300,000 + \$100,000).

How to Apply for the Base Year Value Transfer for Persons 55 and Older or Disabled Persons

Effective April 1, 2021

- Submit form BOE-19-B if qualifying based on age or BOE-19-D if qualifying based on disability to the County Assessor where replacement property is located (BOE-19-DC also required with BOE-19-D)
- File within 3 years of replacement's purchase or the date new construction of the replacement is completed
- At time of filing claimant must own and occupy the replacement property as their principal residence

(Additional information available on BOE's Proposition 19 Fact Sheet and Taxpayers' Rights Advocate Office Information Sheets Publications 800-3 and 800-4)

Proposition 19 Base Year Value Transfer for Victims of Wildfire or Natural Disaster

Effective April 1, 2021



- Must be your principal residence
- Must purchase or newly construct a new residence within two years of sale of original home
- Anywhere in California
- Wildfire or natural disaster as declared by Governor
- Property must be substantially damaged or destroyed (more than 50% of the market value of land or improvement value)
- Sale of original or purchase/completion of replacement must occur on or after April 1, 2021
- Original property must be sold in damaged state
- No limit to market value of replacement compared to original (before disaster) but excess is added to transferred value

How to Apply for the Base Year Value Transfer for Victims of Wildfire or Other Natural Disaster

Effective April 1, 2021

- Submit form BOE-19-V, Claim for Transfer of Base Year Value to Replacement Primary Residence for Victims of Wildfire or Other Natural Disaster
- File within 3 years of replacement's purchase or date of completion of new construction whichever occurs last
- At time of filing claimant must own and occupy the replacement property as their principal residence

(Additional information available on BOE's Proposition 19 Fact Sheet)

Additional Information and Resources

- This information is current as of April 2023
- When considering property transfers, we recommend that you consult your attorney or tax professional
- Visit www.boe.ca.gov for comprehensive information about Proposition 19
- See BOE's Taxpayers' Rights Advocate Office Information Sheets at www.boe.ca.gov/tra

