



PROPOSITION 19: IMPORTANT CHANGES TO FAMILY TRANSFER (PROP. 58/193) AND TRANSFER OF PROPERTY TAX BASE (PROP. 60/90/50/171)

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On November 3, 2020, California voters approved [Proposition 19](#) (Assembly Constitutional Amendment 11, Stats. 2020, res. ch. 31). Prop. 19 adds sections to the California Constitution which changes the rules on the parent-child and grandparent-grandchild exclusions (known as Prop. 58/193) and adds new provisions for a base year value transfer of a principal residence for persons at least age 55 or severely disabled (known as Prop. 60/90) or for victims of wildfires or natural disasters (known as Prop. 50/171). Provided below are a few important changes approved by Prop. 19. This is the current reflection from the Board of Equalization as of January 20, 2021. For more information please consult boe.ca.gov/prop19.

Proposition 58/193 Parent-Child and Grandparent-Grandchild Reassessment Exclusion CHANGES EFFECTIVE FEBRUARY 16, 2021

BEFORE	<ul style="list-style-type: none"> Implementing statute: RTC 63.1, Prop 58/193 Unlimited reassessment exclusion for principal residence \$1,000,000 reassessment exclusion for transfers of property other than principal residence Recipient is not required to live in the property
AFTER	<ul style="list-style-type: none"> Implementing statute: TBD Reassessment exclusion allowed for principal residence under \$1,000,000. Limited reassessment exclusion for principal residence valued over \$1,000,000 New base year value based on Value Test (See Example on page 3) No reassessment exclusion for transfers of property other than principal residence Recipient is required to live in the property

Proposition 60/90/110 Transfers of Tax Bases for Seniors and Severely Disabled Property Owners CHANGES EFFECTIVE APRIL 1, 2021

BEFORE	<ul style="list-style-type: none"> Implementing statute: RTC 69.5, Prop. 60/90 and 110 Transfer tax bases between participating counties Eligibility subject to value comparison of properties Benefit can be used only once
AFTER	<ul style="list-style-type: none"> Implementing statute: TBD Transfer tax bases between all counties Eligibility not subject to value comparison of properties Benefit can be used up to three times

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Proposition 50/171

Transfers of Tax Bases for Wildfire or Natural Disaster

CHANGES EFFECTIVE APRIL 1, 2021

BEFORE	<ul style="list-style-type: none">• Implementing statute: RTC 69.3, Prop. 50/171• Transfer tax bases between participating counties• Eligibility subject to value comparison of properties• Benefit can be used more than once
AFTER	<ul style="list-style-type: none">• Implementing statute: TBD• Transfer tax bases between all counties• Eligibility not subject to value comparison of properties• Benefit can be used more than once

For more information on changes approved by Proposition 19 consult the State Board of Equalization's website: boe.ca.gov/prop19/.

Frequently Asked Questions (FAQ)

1. TO QUALIFY FOR THE PROPOSITION 19 PARENT-CHILD EXCLUSION, DO I HAVE TO CLAIM A HOMEOWNERS' EXEMPTION AND RESIDE IN THE FAMILY HOME INHERITED FROM MY PARENTS OR GRANDPARENTS?

Yes. Proposition 19 requires the that you claim a homeowners' exemption or disabled veterans' exemption and make the family home your principal residence within one year of the transfer.

To apply, please visit our website:

Homeowners' Exemption: assessor.lacounty.gov/homeowners-exemption/

Disabled Veterans' Exemption: assessor.lacounty.gov/disabled-veterans/

2. I AM OVER THE AGE OF 55. WHAT HAPPENS IF I BUY A NEW HOME THAT COSTS MORE THAN THE ORIGINAL HOME AND WANT TO TRANSFER MY BASE YEAR VALUE?

You may be eligible for the exclusion. However, the portion that is over the value of the original property will be reassessed at current market value. You may claim this exclusion up to three times.

3. MY HOME BURNED DOWN IN A GOVERNOR-PROCLAIMED DISASTER. I WAS ABLE TO TRANSFER MY BASE YEAR VALUE BY CLAIMING A DISASTER EXCLUSION (PROP. 50). MY NEW HOME ALSO GOT DAMAGED IN ANOTHER GOVERNOR-DECLARED DISASTER. WILL I BE ABLE TO TRANSFER MY BASE YEAR VALUE AGAIN?

Yes. If someone is unfortunate enough to have lost two homes to Governor-proclaimed disasters, they are able to transfer their base year value more than once.

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Value Test

Prop. 19 requires adjustment of the taxable value if the fair market value of the family home exceeds the sum of the taxable value plus \$1,000,000.

If the fair market value of the family home is less than the sum of the taxable value plus \$1,000,000, then the taxable value need not be adjusted.

If the fair market value of the family home is equal to or more than the sum of the taxable value plus \$1 million, an amount equal to the fair market value of the family home upon purchase by, or transfer to, the transferee, minus the sum of the taxable value plus \$1,000,000, is added to the taxable value.

EXAMPLE:

A single family residence has a **taxable value of \$425,738**. Parent dies on March 1, 2021, and property is inherited by parent's only child. The residence was the principal residence of both parent and child. On parent's date of death, property has a **fair market value of \$1,750,000**.

1. Calculate the sum of taxable value plus \$1,000,000

$$\begin{array}{ccc} \boxed{\$425,738} & + & \boxed{\$1,000,000} = \boxed{\$1,425,738} \\ \text{TAXABLE VALUE} & & \text{SUM} \end{array}$$

2. Determine whether the fair market value exceeds the sum of the taxable value plus \$1,000,000

$$\boxed{\$1,750,000} > \boxed{\$1,425,738}$$

THE FAIR MARKET VALUE IS GREATER THAN THE SUM.

3. Calculate the difference

$$\begin{array}{ccc} \boxed{\$1,750,000} & - & \boxed{\$1,425,738} = \boxed{\$324,262} \\ \text{FAIR MARKET VALUE} & & \text{SUM} \qquad \qquad \qquad \text{DIFFERENCE} \end{array}$$

4. Add difference to the taxable value

$$\begin{array}{ccc} \boxed{\$324,262} & + & \boxed{\$425,738} = \boxed{\$750,000} \\ \text{DIFFERENCE} & & \text{TAXABLE VALUE} \qquad \qquad \qquad \text{NEW COMBINED BASE YEAR VALUE} \end{array}$$

For more information and updates on Prop. 19, please visit assessor.lacounty.gov/prop19

Disclaimer: Information on this document should not be construed as legal advice, but is designed merely to inform the public on tax relief opportunities processed by the Office of the Los Angeles County Assessor. If you have any questions regarding your particular property tax position, it is recommended that you consult with an attorney or a property tax professional.