



California Proposition 19

Property Tax Transfer, Exemptions, and
Revenue for Wildfire Agencies and Counties Amendment

How does Prop 19 change the rules governing tax assessment transfers?

Proposition 19 is a constitutional initiative passed by California voters that changes the rules for tax assessment transfers. In California, eligible homeowners can transfer their tax assessments to a different home of the same or lesser market value, which allows them to move without paying higher taxes. Homeowners who are eligible for tax assessment transfers are persons over 55 years old, persons with severe disabilities, and victims of natural disasters and hazardous waste contamination.

It allows eligible homeowners to transfer their tax assessments anywhere within the state and allows tax assessments to be transferred to a more expensive home with an upward adjustment. The number of times that a tax assessment can be transferred would increase from one to three for persons over 55 years old or with severe disabilities (disaster and contamination victims would continue to be allowed one transfer).

How does Prop 19 affect inherited properties?

In California, parents or grandparents can transfer primary residential properties to their children or grandchildren without the property's tax assessment resetting to market value. Other types of properties, such as vacation homes and business properties, can also be transferred from parent to child or grandparent to grandchild with the first \$1 million exempt from re-assessment when transferred.

Prop 19 Eliminates the parent-to-child and grandparent-to-grandchild exemption in cases where the child or grandchild does not use the inherited property as their principle residence, such as using a property as a rental house or a second home. The property tax bill for an inherited home or farm would up if the price the property could be sold for exceeds the property's taxable value by more than \$1 million (adjusted for inflation every two years.)

What does Prop 19 do with changes in revenue?

Prop 19 creates the California Fire Response Fund (CFRF) and County Revenue Protection Fund (CRPF). It requires the California Direction of Finance to calculate the additional revenues and net savings resulting from the ballot measure. The California State Controller would be required to deposit 75% of the calculated revenue to the Fire Response Fund and 15% to the County Revenue Protection Fund. The County Revenue Protection Fund would be used to reimburse counties for the revenue losses related to the measure's property tax changes. The Fire Response Fund would be used to fund fire suppression staffing and a full-time station-based personnel.

- Permits homeowners who are over 55, severely disabled, or whose homes were destroyed by wildfire or disaster, to transfer their primary residence's property tax base value to a replacement residence of any value, anywhere in the state.
- Limits tax benefits for certain transfers or real property between family members.
- Expands tax benefits for transfers of family farms.
- Allocates most resulting state revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes.



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PARENT-CHILD & GRANDPARENT-GRANDCHILD EXCLUSION

	Previous Law	Proposition 19
Principal Residence	<ul style="list-style-type: none"> ➔ Principal Residence of transferor ➔ No value limit ➔ Residence and homesite (excess land may be excluded as "Other property") 	<ul style="list-style-type: none"> ➔ Principal residence of transferor and transferee ➔ Value limit of current taxable value plus \$1,000,000 (as annually adjusted) ➔ Family homes and farms
Other Real Property	<ul style="list-style-type: none"> ➔ Transferor lifetime limit of \$1,000,000 of factored base year value 	<ul style="list-style-type: none"> ➔ Eliminate exclusion for other real property other than the principal residence
Grandparent - Grandchild Middle Generation Limit	<ul style="list-style-type: none"> ➔ Parent(s) of grandchild, who qualifies as a child(ren) of grandparent, must be deceased on date of transfer 	<ul style="list-style-type: none"> ➔ No change: parents(s) of grandchild, who qualifies as child(ren) of grandparent, must be deceased on date of transfer
Filing Period	<ul style="list-style-type: none"> ➔ File claim within 3 years or before transfer to third party 	<ul style="list-style-type: none"> ➔ File for homeowners' exemption within 1 year of transfer
Implementing Statute	<ul style="list-style-type: none"> ➔ Revenue & Taxation Code section 63.1 (implements Propositions 58/193) 	<ul style="list-style-type: none"> ➔ To be determined
Important Dates	<ul style="list-style-type: none"> ➔ Through February 15, 2021 	<ul style="list-style-type: none"> ➔ Effective February 16, 2021

BASE YEAR VALUE TRANSFER- PERSONS AT LEAST AGE 55/DISABLED

	Previous Law	Proposition 19
Type of Property	<ul style="list-style-type: none"> ➔ Principle residence 	<ul style="list-style-type: none"> ➔ Principle residence
Timing	<ul style="list-style-type: none"> ➔ Purchase or newly construct residence within 2 years of sale 	<ul style="list-style-type: none"> ➔ Purchase or newly construct residence within 2 years of sale
Location of Replacement Home	<ul style="list-style-type: none"> ➔ Same county ➔ County with intercounty ordinance (10 counties) 	<ul style="list-style-type: none"> ➔ Anywhere in California
Value Limit	<ul style="list-style-type: none"> ➔ Equal or lesser value <ul style="list-style-type: none"> ➔ 100% if replacement purchased/new construction prior to sale ➔ 105% if replacement purchased/new construction in first year after sale ➔ 110% if replacement purchase/new construction in second year after sale 	<ul style="list-style-type: none"> ➔ Any value ➔ Amount above 100% is added to transferred value
How many transfers?	<ul style="list-style-type: none"> ➔ One time ➔ Exception: After using once for age, second time for subsequent disability 	<ul style="list-style-type: none"> ➔ Three times
Implementing Statute	<ul style="list-style-type: none"> ➔ Revenue & Taxation Code section 69.5 (Implements Propositions 60/90/110) 	<ul style="list-style-type: none"> ➔ To be determined
Important Dates	<ul style="list-style-type: none"> ➔ Through March 31, 2021 	<ul style="list-style-type: none"> ➔ Effective April 1, 2021

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Visit the California Secretary of State of website for more details:

<http://vig.cdn.sos.ca.gov/2020/general/pdf/prop19-title-sum-analysis.pdf>

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BASE YEAR VALUE TRANSFER- INTRACOUNTY DISASTER RELIEF

	Previous Law	Proposition 19
Type of Property	→ Any type of property	→ Principle residence
Timing	→ Purchase or newly construct property within 5 years of disaster	→ Purchase or newly construct residence within 2 years of sale
Location of Replacement Property	→ Within same county	→ Anywhere in California
Value Limit	→ Any value → Amount above 120% is added to transferred value	→ Any value → Amount above 100% is added to transferred value
Types of Disaster	→ Disaster for which the governor proclaims a state of emergency	→ Wildfire, as defined, or natural disaster as declared by the Governor
Implementing Statute	→ Revenue & Taxation code section 69 (Implements Proposition 50)	→ To be determined
Important Dates	→ Through March 31, 2021	→ Effective April 1, 2021

BASE YEAR VALUE TRANSFER- INTERCOUNTY DISASTER RELIEF

	Previous Law	Proposition 19
Type of Property	→ Principle residence	→ Principle residence
Timing	→ Purchase or newly construct residence within 2 years of sale	→ Purchase or newly construct residence within 2 years of sale
Location of Replacement Home	→ Same county → County with intercounty ordinance (10 counties)	→ Anywhere in California
Value Limit	→ Equal or lesser value → 100% if replacement purchased/new construction prior to sale → 105% if replacement purchased/new construction in first year after sale → 110% if replacement purchase/new construction in second year after sale	→ Any value → Amount above 100% is added to transferred value
Types of Disaster	→ Disaster for which the governor proclaims a state of emergency	→ Wildfire, as defined, or natural disaster as declared by the Governor
Implementing Statute	→ Revenue & Taxation code section 69 (Implements Proposition 50)	→ To be determined
Important Dates	→ Through March 31, 2021	→ Effective April 1, 2021

For more details on Prop 19, please check out the helpful web links below:

Full text on ACA-11:

http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201920200ACA11

Frequently Asked Question:

<http://www.boe.ca.gov/prop19/#FAQS>