

WHAT IS PROP 19?



Inheriting Property

Proposition 19 is a constitutional amendment that places new limits on property tax benefits for inherited family property. Under Prop 19, a child or children may only keep the property tax base of the parent(s) if the property is the parents' principal property AND the child(ren) make(s) it their principal residence within one year.

Transfer of Property Tax Base

The other part of Prop. 19 allows homeowners who are age 55 and older, severely disabled, or have become victims of a wildfire or other natural disaster, to transfer their lower tax base to a new principal residence up to three times (or once per disaster). Furthermore, the tax base may now be transferred to a property anywhere in the state of California, and may now also be applied to a property of greater value (subject to a blended assessment on the difference).

Prop. 19 changes two programs currently administered by county assessors:

1. Parent-Child Transfers (Prop. 58)/Grandparent-Grandchild Transfers (Prop. 193), **effective February 16, 2021.**
2. Senior Citizen and Disaster Relief Tax Base Transfers (Props. 60/90/50/171), **effective April 1, 2021.**

Parent-Child and Grandparent-Grandchild Transfers

Props. 58 & 93 allowed parents, and in certain cases, grandparents to transfer their existing property assessments of a principal residence of any value without triggering a reassessment. They also allowed for the inheritance of property assessments for up to \$1 million in additional real estate, whether residential or commercial. In order to inherit the lower property assessment of the parents or grandparents, the following conditions must be met:

1. The property must be the principal residence of the parents or grandparents.
2. The property must become the principal residence of the child or grandchild within one year of transfer.
3. Only the principal residence of a parent or grandparent qualifies for a base year value transfer. Other property, residential or commercial, no longer qualify for this benefit. Effective February 16th, 2021.

Senior Citizen Tax Base Transfers

Under current law, Props. 60/90 and 110 allow people over 55 or severely disabled persons to transfer the taxable value of their existing home to their replacement home as long as the market value of the new home is less than or equal to the existing home's value, AND located in one of ten participating counties in California. Prop. 19 allows eligible homeowners to transfer the taxable value of their existing home to their new replacement home of any value, subject to a blended assessment of their existing tax base and an assessment on the difference. It also allows the tax base transfer to anywhere in the state, and allows for up to three tax base transfers, where previous law only allowed one. Effective April 1, 2021.

Disaster Relief Tax Base Transfers

Under current law, Prop. 50 provides that the base year value of property that is substantially damaged or destroyed by a disaster, as declared by the Governor, may be transferred to a comparable property within the same county. Prop. 171 allows the transfer of the base year value of a principal residence to a county that has adopted the ordinance. Prop. 19 allows homeowners to purchase a replacement home of greater value than their original home and transfer their tax base with an adjustment to account for the difference in value in cases of homes destroyed by wildfires or other natural disasters. Effective April 1, 2021.

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