

Proposition 19

The Home Protection for Seniors, Severely Disable, Families and Victims
of Wildfires or Natural Disasters Act

Proposition 19 – The History

- Voters approved November 3, 2020
- Parent/Child Exclusion Rules modified
- Base Year Transfer Rules modified
- Establishes California Fire Response Fund and County Revenue Protection Fund

Intergenerational Transfer

(no longer Parent-to-Child or Grandparent-to-Grandchild)

- Effective 2/16/2021
- What has changed:
 - Only a “family home” or “family farm” qualifies
 - No other real property qualifies
 - Can transfer from a grandchild to a grandparent
 - Must be a primary residence of the transferor and requires the transferee to file for a homeowners exemption or disabled veteran exemption within 1 year.
 - Family farm does not require primary residency
 - If a property is no longer used as a primary residence, the new base year value will be enrolled

Value Test

- If it is determined that the transfer qualifies as an intergenerational transfer, a base year value still must be determined for the date of transfer.
- The Prop 13 value of the transferor plus 1 million dollars is the excluded amount allowed to the transferee.

Value Test Examples

- Example 1:
 - Mom and dad's base year value was $\$350,000 + \underline{\$1,000,000} = \$1,350,000$
 - Market value is $\$950,000$
 - Value to roll = $\$350,000$
- Example 2:
 - Mom and dad's base year is $\$350,000 + \underline{\$1,000,000} = \$1,350,000$
 - Market value = $\$1,500,000$
 - Excess value of $\$150,000$ ($\$1,500,000 - \$1,350,000$)
 - Value to roll $\$350,000 + \$150,000 = \$500,000$

Base Year Transfer

- Effective as of 4/1/2021
- Allows persons **at least 55 years of age**, or **severely disabled** of any age, or **victims of a wildfire or natural disaster**, to transfer the “taxable value” of their primary residence to a replacement residence anywhere in the State.
- Allows for mental as well as physical disabilities
- Principal residence only
- Can be used 3 times per claimant



Base Year Transfer

- The replacement property can exceed the sales price of the original property.
 - If the replacement property sales price exceeds the sales price of the original property, the difference is added to the base year of the original property.
 - Example:
 - Original sells for **\$500,000**
 - Replacement sells for **\$600,000**
 - Excess of **\$100,000**
 - Base year of original is **\$200,000**
 - Transferred base year will be **\$200,000** plus **\$100,000** for a total of **\$300,000**.

Base Year Transfer

- One leg of the transaction must be on or after 4/1/2021
- Replacement residence must be purchased or newly constructed within two years of the sale of the original home
- Apply with the Assessor of the replacement property

Disasters

- Wildfire or Governor Declared Disaster Only
- Principal residence only
- Must purchase or newly construct within 2 years of sale
- Anywhere in CA
- Replacement property can exceed the sales price of the original value. Difference is added to the base year value.
- Does not sunset Prop 50, or 171

What's Next?

- Several legislative items we are keeping our eye on to see how we implement this new law or if it changes.
- Waiting on guidance on how to implement the “family farm”
 - Is it an appraisal unit?
 - Is it by individual APN's?
 - Is it a legal parcel?

How do I find out more information?

- <https://www.boe.ca.gov/prop19/>
- <https://sonomacounty.ca.gov/CRA/Assessor/Real-Property/Tax-Savings/Proposition-19/>

Contacts

Rhiannon Yeager
Chief Deputy Assessor
(707) 565-1866

Rhiannon.Yeager@sonoma-county.org

Barbara Green
Assessment Process Manager
(707) 565-1855

Barbara.Green@sonoma-county.org

Julie Divita
Chief Appraiser
(707) 565-3139

Julie.Divita@sonoma-county.org

Gia Roan
Chief of Assessment Standards
(707) 565-6077

Gia.Roan@sonoma-county.org