

Proposition 60 Questions and Answers

BASE YEAR TRANSFERS for PERSONS AGED 55 or SEVERELY DISABLED PERSONS

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1. What is Proposition 60?

Prop 60 was a constitutional amendment approved by the voters of California in 1986. It is codified in Section 69.5 of the Revenue & Taxation Code, and allows the transfer of an existing Proposition 13 base year value from a former residence to a replacement residence, if certain conditions are met. This benefit is open to homeowners who are at least 55-years old (or are disabled as specified in the law), and who meet the requirements outlined in Question 2.

2. How do I Qualify for this property tax benefit?

The following conditions must be met for tax relief to be granted under Prop 60:

- a. Both the original property (former residence) and its replacement must be located in the same county.
- b. As of the date of transfer of the original property, the seller or a spouse living with the seller must be at least 55 years old.
- c. The original property must have been eligible for the Homeowners' Exemption or entitled to the Disabled Veterans' Exemption.
- d. The replacement dwelling must be of equal or lesser value than the original property.
- e. **Without exception**, the replacement dwelling must be purchased or newly constructed within two years (before or after) of the sale of the original property.
- f. The original property must be subject to reappraisal at its current fair market value as the result of its transfer, in accordance with Sections 110.1 or 5803 of the Revenue and Taxation Code.
- g. To receive the full Prop 60 benefit, a claim for relief must be filed ***within three years*** of the date a replacement dwelling is purchased or new construction of a replacement dwelling is completed.

Claims made ***after*** the three-year filing period will receive the base year transfer on a ***prospective*** basis only.

- h. If a claimant purchases land more than two years prior to the sale of the original property but completes construction of the replacement residence within two years of the sale of the original property, the base year value of the original property may be transferred to the land and the newly constructed residence, provided that the other statutory requirements are met. (This interpretation was the result of a reversal by the State Board of Equalization issued in Letter 2002/019, and dated March 19, 2002.).

3. Is it true that only one claimant, out of several co-owners of a replacement dwelling, need be at least 55 as of the date of sale of an original property?

Yes, but the claimant must be an owner of record. Either the claimant or their spouse must also have been an occupant of the original property and at least 55 years old on the date of sale.

4. Can a taxpayer apply for and receive the benefit of Prop 60 more than once?

No. You are not eligible if you have been previously granted this benefit.

5. **Can I still receive the Prop 60 base year transfer even if my claim is filed more than three years after purchasing or constructing the replacement property?**

Yes. As of January 1, 2007, the Assessor is allowed to grant late filed Prop 60/90/110 base year transfers ***on a prospective basis only*** if all other requirements of section 69.5 are met and the replacement property has not been transferred to a third party. The effective date of the base year value transfer would be the lien date of the assessment year in which the claim is filed. For example, any late-filed claim in 2007 would be first effective on the January 1, 2007 lien date which in turn is associated with the 2007-2008 annual tax bill.

6. **My claim was denied for untimely filing prior to January 1, 2007. Can I re-file for the base year value transfer?**

Yes. For any claim that was not timely filed prior to January 1, 2007, the claimant may re-file a claim with the Assessor, and receive the transfer on a prospective basis, provided that all other requirements of section 69.5 are met and the replacement property has not been transferred to a third party. This applies to Prop 60 transfers since November 6, 1986 and to Prop 110 transfers since June 5, 1990.

7. **I never filed a claim because I thought it was too late. Can I file now?**

Yes. You may now file and receive prospective relief effective the lien date of the assessment year in which the claim is filed, as long as all of the other requirements of section 69.5 are met and the replacement property has not been transferred to a third party.

8. **My claim was timely filed before January 1, 2007 but was denied for other reasons. Can I re-file for the prospective relief?**

No. Claims that were filed timely but denied because one of the other qualifications was not met are not eligible for prospective relief.

9. **If prospective relief is granted for my late-filed claim, how will the transferred base year value be calculated?**

The value enrolled for any prospective relief will be the adjusted base year value of the original property on the roll when it was sold, factored forward for inflation to the current year. The factored base year value of any new construction which occurred between the date of sale and the date of the prospective relief will also be added.

10. **What if I file after the annual tax bills are issued?**

Claims that are filed and approved after annual tax bills are issued will be handled by roll corrections. You are still responsible for paying your property tax bill while awaiting the outcome of your claim.

11. **What is meant by 'equal or lesser value' than the original dwelling?**

In general, "equal or lesser value" means:

- **100 percent** of the market value of an original property if a replacement dwelling is purchased **before** the original property is sold.
- **105 percent** of the market value of an original property if a replacement dwelling is purchased within **one year after** the sale of the original property.
- **110 percent** of the market value of an original property if a replacement dwelling is purchased within **the second year after** the sale of the original property.

12. **Is the "equal or lesser value" test a simple comparison of the sales price of the original property and the purchase price or cost of new construction of the replacement dwelling?**

No. The comparison must be made using the full market value of the original property and the full market value of the replacement dwelling as of its date of purchase or completion of new construction. This is important because sales prices are not always the same as market value. The assessor must determine the market value for each property, which may differ from sales price.

13. If the current full cash value of my replacement dwelling slightly exceeds the full market value of my original property, can I still receive a partial benefit?:

No. Unless the replacement dwelling satisfies the “equal or lesser value” test, no benefit is available.

14. May I give my original property to my child and still receive the Prop 60 benefit when I purchase a replacement property?

No. The law provides that an original property must be sold for consideration and subject to reappraisal at full market value at the time of sale. Original property transferred to a child or disposed of by gift or devise does not qualify.

15. Is the assessor prevented from issuing supplemental assessments when the factored base-year value is transferred from an original property to a replacement dwelling under Prop 60?

No. When the replacement dwelling is purchased or newly constructed, the assessor is mandated by law to issue supplemental assessments (positive or negative) for all transactions that result in a base-year value change, including those that qualify under Prop 60. (Revenue and Taxation Code Section 75.) This is done by comparing the factored base-year value of the original property to the factored base-year value of the replacement dwelling.

16. Does one qualify for the Prop 60 benefit when he or she sells an original property, then buys a replacement dwelling within two years, but no longer qualifies for a Homeowner's Exemption on the original property that sold nearly two years before?

Yes. The statute requires that the original property be eligible for the Homeowners' Exemption at the time of sale. It is eligible if the claimant owns and occupies the property as his or her principal residence at the time of sale.

17. Can I receive Prop 60 benefits if my original property is outside Sacramento County but my replacement dwelling is inside Sacramento County?

No. Both properties must be within Sacramento County.

18. Can I receive Prop 60 benefits if my original property is inside Sacramento County but my replacement dwelling is in another county in California?

You may, under Prop 90. Contact the Assessor's Office of the county the replacement dwelling is in and ask if that county allows transfers of base year values between counties.

19. What if my original property contains more than just my principal residence and the land necessary for that residence?

You will receive Prop 60 benefits only if the replacement dwelling is of equal or lesser value than the portion of the original property that is your principal residence and the land that is necessary for that residence. The market value of the rest of the original property is not included in the comparison of the original property with the replacement dwelling.

20. What if my new property contains more than just my replacement dwelling and the land necessary for that dwelling?

The base year value of the original property will be transferred to the portion of the new property that is the replacement dwelling and the land necessary for that dwelling. The rest of the new property will be assessed according to its full market value.

21. **If the Transfer of my base year values to the replacement dwelling results in a Supplemental Assessment that is a Refund, do I still have to pay the existing, current main-roll tax bill on the replacement property or will that bill be adjusted to reflect the new, lower value?**

Unfortunately, you must pay the existing main-roll tax bill on your replacement property. That bill cannot be adjusted or canceled to reflect the Proposition 60 benefit. Additionally, you must pay that bill before any refund resulting from the Proposition 60 benefit will be sent to you. However, after the existing bill has been paid, you will later receive a refund that will reflect the Proposition 60 benefit. In other words, when the entire process is complete, you will not have overpaid any taxes. This unfortunate and inconvenient aspect of the law is set forth in Revenue & Taxation Code Section 75.43.c.

22. **If my original dwelling was a single-family home and I buy a duplex as a replacement dwelling and then move into one side of it as my principal residence, will I still qualify for the benefit?**

A claimant who sells a single family property occupied as his/her principal residence may purchase a duplex as a replacement dwelling and have the base year value of the former transferred to his/her portion of the duplex.

In determining whether or not the base year value may be transferred, all of the requirements of Rev & Tax Section 69.5 must be satisfied. The value equivalency requirement is satisfied if the value of the portion of the duplex occupied as a principal residence is equal to or less than the value of the original residence. The remainder of the duplex would be appraised at its full cash value as of the date it sold, and that value would become the new base year value for that portion of the duplex.

23. **If an addition to a replacement dwelling (such as a new room, detached garage, or pool) after my base year has been transferred, can that addition be excluded from assessment?**

The law provides that if new construction is performed upon the replacement dwelling after the base year value has been transferred, the newly constructed portion is excluded from assessment if three specific conditions are met: 1) The new construction is completed within 2 years of the date of sale of the original property; 2) The owner notifies the assessor of the new construction in writing no later than 30 days after its completion; 3) The market value of the new construction on date of completion plus the market value of the replacement dwelling on date of acquisition is not greater than the market value of the original property as determined for purposes of granting the original claim. Ref R&T 69.5(h)(4)

For more Information, call the Assessor's Property Transfer Section at (916) 875-0750

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