Proposition 19
The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfires or Natural Disasters Act

NO.	PROVISIONS Adds section 2.1 to article XIII A of the California Constitution.	WHAT IT DOES	ISSUES RAISED	OPTIONS
1	**Base Year Value Transfer for Age 55/Disabled/Major Disaster**	Changes the way taxpayers can transfer their tax base to a replacement property as a result of a move due to age or disability or as a result of a disaster.		
	(b) Property Tax Fairness for Seniors, the Severely Disabled, and Victims of Wildfire and Natural Disasters. Notwithstanding any other provision of this Constitution or any other law, beginning on and after April 1, 2021, the following shall apply:	Operative April 1, 2021, these provisions allow homeowners who are over age 55, severely disabled, or victims of wildfire or natural disasters to transfer a base year value to a replacement home anywhere in California, regardless of the location or value.	**Conflicting Base Year Value Transfers.** Article XIII A, sections 2(a) and (e) provide base year value transfers for homeowners age 55/disabled and disaster relief. Does the author intend to replace these base year value transfers or add an additional base year value transfer that is limited to homeowners? We note that the existing disaster intercounty base year value transfer applies to any type of property, including commercial, industrial, and multifamily residential. While this bill provides a sunset date for the parent-child and grandparent-grandchild exclusion in section 2(h) of article XIII A, this bill does not provide a sunset date for the base year value transfers contained in sections 2(a)	Legislation – propose legislation that sunsets sections 2 (a) and (e) in part or in whole. [Legal is currently researching whether the relevant provisions of section 2(a) are "implicitly repealed".]

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			and (e). Consequently, this bill creates a new base year value transfer for homeowners, in addition to the existing base year value transfers. The competing base year value transfers may be confusing to homeowners. **Choice of relief.** Under current law, if a property owner chooses to transfer the base year value to another property under either of the disaster relief base year value transfers (sections 69 and 69.3), the new construction exclusion under section 70(c) or 170 is no longer available. If the substantially damaged or destroyed improvement is repaired or reconstructed, the new construction will be reassessed to current market value upon completion of construction.	
			The original home is sold prior to the April 1, 2021 but the replacement was purchased after (or vice versa), will the base year transfer be subject to the Prop 19 or the old Prop 60/90/110?	Propose legislation Promulgate Regulation Develop guidance
	(1) Subject to applicable procedures and definitions as provided by statute, an owner of a primary residence who is over 55	**Victim of Wildfire or Natural Disaster.** This bill provides that "victim of a wildfire or natural disaster" means the owner of a	This bill provides definitions of wildfire and natural disasters by reference to existing statutes. The meaning could change if the existing	None. Intended change in the way relief is allowed. ["as provided by statute"

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	years of age, severely disabled, or a victim of a wildfire or natural disaster may transfer the taxable value of their primary residence to a replacement primary residence located anywhere in this state, regardless of the location or value of the replacement primary residence, that is purchased or newly constructed as that person's principal residence within two years of the sale of the original primary residence.	primary residence which has been substantially damaged as a result of a wildfire or natural disaster that amounts to more than 50 percent of the improvement value of the primary residence immediately before the wildfire or natural disaster. This bill also provides that "damage" includes a diminution in the value of the primary residence as a result of restricted access caused by the wildfire or natural disaster.	statutes are changed. The existing disaster base year value transfers apply to any disaster for which the Governor declares a state of emergency. By adding such definitions, this bill limits the application of this new base year value transfer to these itemized events.	should mean that Legislature is required to provide new legislation.]
		Original Property. This bill requires the original property be sold. **Replacement Property.** The replacement property must be purchased or newly constructed within two years of the sale of the original property.	This bill requires the original property to be sold and the replacement home must be purchased within two years of the sale in order to transfer the base year value. For property that has been damaged or destroyed, this two-year period may be difficult to meet if the homeowner purchases a replacement home first and then must sell the damaged or destroyed home within two years.	Require a constitutional amendment to provide additional time to complete transaction.
		Location. This bill allows a replacement property to be located anywhere in California.	**No issue** – this is an expansion of benefits for taxpayers	None
	(2) For purposes of this	**Value.** This bill allows the base	**New Value Comparison Test.**	Will require a constitutional

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	subdivision: (A) For any transfer of taxable value to a replacement primary residence of equal or lesser value than the original primary residence, the taxable value of the replacement primary residence shall be deemed to be the taxable value of the original primary residence.	year value to be transferred to a home of equal or lesser value.	Currently, the market value of the replacement home on its date of purchase or completion of new construction is compared to the market value of the original property on its date of sale. For property that has been substantially damaged or destroyed, the market value just prior to the date of damage or destruction is used. For homeowners who have lost their home in a disaster, they can transfer their base year value to a replacement home within the same county that is 120 percent of the value of the home that was damaged or destroyed. Under this scenario, partial relief is available. Since this bill replaces the 120 percent value test with a 100 percent value test, this will mean that homeowners who stay in the same county will pay more if they buy a home of greater value. For persons who are at least age 55 or disabled, if the replacement home's market value is equal or less than 100, 105, or 110 percent of the original property's market value (depending on the replacement home's date of purchase or completion of new construction and the original	amendment to change value limits. [This is because XIII A, §2(e) allows transfers to "comparable property," and RTC 69 allows 120%.]

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			property's date of sale), then the replacement home will qualify value-wise for the base year value transfer). If the replacement home's value exceeds the applicable value test, no partial relief is available. Under this proposal, the equal or lesser value test is replaced with a 100 percent test. If the replacement home is of greater value, the difference in values is added to the original property's base year value so that partial relief is available.	
	(B) For any transfer of taxable value to a replacement primary residence of greater value than the original primary residence, the taxable value of the replacement primary residence shall be calculated by adding the difference between the full cash value of the original primary residence and the full cash value of the replacement primary residence to the taxable value of the original primary residence.	**Value.** If the value of the replacement home is greater than the value of the original property, the difference in market values will be added to the transferred base year value of the original property.	**No issue –** this is an expansion of benefits for taxpayer with replacement homes are valued at more than the original home.	None
	(3) An owner of a primary residence who is over 55 years of age or severely disabled shall not be allowed to transfer the taxable	**Limitation on Number of Base Year Value Transfers.** This bill allows persons over age 55 or severely disabled to	**Number of Base Year Value Transfers for Homeowners Age 55 or Disabled.** Currently, persons over age 55 or disabled can transfer a base	Propose clarifying legislation Promulgate regulation

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	value of a primary residence more than three times pursuant to this subdivision.	transfer their base year value only three times.	year value to a replacement home or a unit of a multi-unit dwelling generally one time. This bill allows three base year value transfers for homeowners who are over 55 or disabled. Can a taxpayer who have already use the Prop 60/90/110 qualify for relief again under Prop 19?	
	(4) Any person who seeks to transfer the taxable value of their primary residence pursuant to this subdivision shall file an application with the assessor of the county in which the replacement primary residence is located. The application shall, at minimum, include information comparable to that identified in paragraph (1) of subdivision (f) of Section 69.5 of the Revenue and Taxation Code, as that section read on January 1, 2020.	**Filing.** This bill requires the homeowner to file an application with the county assessor where the replacement property is located.	**No issue**	None
2	**Parent-Child and Grandparent-Grandchild Exclusion**	Changes the way base year value transfers are allowed between parents and grandparents and children/grandchildren.		
	(c) Property Tax Fairness for Family Homes. Notwithstanding	Operative February 16, 2021, this bill replaces the existing	For a transfer made prior to February 16, 2021 but the application for the	Propose legislation

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	any other provision of this Constitution or any other law, beginning on and after February 16, 2021, the following shall apply:	parent-child and grandparent-grandchild exclusion with a new parent-child and grandparent-grandchild exclusion that applies to a transfer of a family home, if the property continues as the family home of the transferee.	parent/child or grandparent/child exclusion is filed after, which statute applies?	Promulgate Regulation Develop guidance
	(1) For purposes of subdivision (a) of Section 2, the terms "purchased" and "change in ownership" do not include the purchase or transfer of a family home of the transferor in the case of a transfer between parents and their children, as defined by the Legislature, if the property continues as the family home of the transferee. This subdivision shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree. The new taxable value of the family home of the transferee shall be the sum of both of the following:	**Change in Ownership Exclusion.** Under article XIII A, property is reassessed to current market value upon a change in ownership. This bill provides that the purchase or transfer of a family home between parents and children and, under certain circumstances, between grandparents and grandchildren, is not a change in ownership. This means that the property retains its existing factored base year value and is not reassessed to current market value if certain conditions are met.	Creates the requirement that the property must be: 1) a family home – other types of property are not eligible 2) must be the family home of the transferor and transfer – prior law does not require the property to be the family home of the transferee If multiple children are transferees, must the property be the family home for all of them, or is it enough that least one of the transferee's maintains the property as his family home?	None
	(A) The taxable value of the family home, subject to adjustment as authorized by subdivision (b) of Section 2,	This bill provides how a new taxable value (defined as a base year value) will be calculated.	Intend change in relief	None

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	determined as of the date immediately prior to the date of the purchase by, or transfer to, the transferee.			
	(B) The applicable of the following amounts: (i) If the assessed value of the family home upon purchase by, or transfer to, the transferee is less than the sum of the taxable value described in subparagraph (A) plus one million dollars ($1,000,000), then zero dollars ($0). (ii) If the assessed value of the family home upon purchase by, or transfer to, the transferee is equal to or more than the sum of the taxable value described in subparagraph (A) plus one million dollars ($1,000,000), an amount equal to the assessed value of the family home upon purchase by, or transfer to, the transferee, minus the sum of the taxable value described in subparagraph (A) and one million dollars ($1,000,000).	**Principal Residence Value Test.** This bill provides that the existing adjusted base year value of the principal residence will remain if the reassessed value is less than the sum of the adjusted base year value of the principal residence of the transferor plus $1 million. If the reassessed value is equal to or exceeds the sum of the adjusted base year value of the principal residence of the transferor plus $1 million, then the difference between (1) the sum of the adjusted base year value plus $ 1 million, and (2) the reassessed value, is to be added to the property's existing adjusted base year value.	Limits the amount that may be excluded from reassessment. Currently, each transferor may transfer any number of principal residences to an eligible parent or child, or grandchild (under limited circumstances). There is no limit as to the value of a principal residence and no limit as to the number of principal residences a transferor can transfer to an eligible parent or child over a lifetime. This bill appears to require that all principal residences that transfer between parent and child be reappraised to verify qualification. This additional workload on the county assessor's appraisal staff could delay the approval of claims for the parent-child or grandparent-grandchild exclusion, as well as cause more appeals to be filed.	Intended change in amount to be excluded.

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	(2) Paragraph (1) shall also apply to a purchase or transfer of the family home between grandparents and their grandchildren if all of the parents of those grandchildren, who qualify as children of the grandparents, are deceased as of the date of the purchase or transfer.	**Grandparent-Grandchild Middle Generation Limitation.** This bill provides that the exclusion applies to a transfer between grandparents and grandchildren if all the parents of those grandchildren, who qualify as children of the grandparents, are deceased as of the date of the purchase or transfer.	Are the provisions that allow for a exception to the middle generation under the prior law still applicable?	Promulgate Regulation Develop guidance
	(3) Paragraphs (1) and (2) shall also apply to the purchase or transfer of a family farm. For purposes of this paragraph, any reference to a "family home" in paragraph (1) or (2) shall be deemed to instead refer to a "family farm."	**Family Home.** This bill provides that "family home" includes a family farm, which means any real property that is under cultivation or being used for pasture or grazing or to produce any agricultural commodity , defined as any and all plant and animal products produced in California for commercial purposes.	See family farm below	See family farm below
	(4) Beginning on February 16, 2023, and every other February 16 thereafter, the State Board of Equalization shall adjust the one million dollar ($1,000,000) amount described in paragraph (1) for inflation to reflect the percentage change in the House Price Index for California for the	**Adjustment of $1 Million.** This bill requires that, beginning February 16, 2023, the $1 million amount be annually adjusted by an inflation factor that is the percentage change in the House Price Index (HPI) for California for the prior calendar year, as	**Exclusion Amount Adjustment.** This bill provides that the $1,000,000 amount be adjusted every other year by the percentage change in the California HPI, rounded to the nearest one-thousandth of 1 percent, for the first three quarters of the prior calendar year, as determined by the Federal Housing Finance Agency.	Would require a constitutional amendment to change the from using the HPI

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	prior calendar year, as determined by the Federal Housing Finance Agency. The State Board of Equalization shall calculate and publish the adjustments required by this paragraph.	determined by the Federal Housing Finance Agency. This bill requires the BOE to calculate and publish the adjustments required.	Base year values are annually adjusted by the percentage change in the California Consumer Price Index from October to October, not to exceed two percent. Does this mean that an increasingly larger amount is to be excluded for future transfers? **Exclusion Amount Adjustment: Negative housing price index changes**? On occasion, the change in the housing price index (HPI) is negative. This bill provides that the assessor is to adjust the $1,000,000 amount by the difference in the HPI. Thus, it appears that assessors would be required to reduce the $1,000,000 amount when the HPI is negative. Why use the HPI? Other property tax annual inflationary adjustments (i.e., base year values and the disabled veterans' exemption limits) are based on the California Consumer Price Index, which is generally considered a more stable index than the California HPI.	
	(5) (A) Subject to subparagraph (B), in order to receive the property tax benefit provided by this section for the purchase or transfer of a family home, the transferee shall claim the	**Principal Place of Residence.** To qualify for this benefit, the home must be the principal residence of the transferee and requires the transferee to file for the homeowners' or disabled	**Filing period.** This bill requires the transferee to file for the homeowners' or disabled veterans' exemption at the time of the transfer or purchase. If the transferee does not file for the homeowners' or disabled veterans'	New legislation should include filing requirements.

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	homeowner's exemption or disabled veteran's exemption at the time of the purchase or transfer of the family home.	veterans' exemption.	exemption at the time of the transfer, the transferee may get prospective relief if they file for the homeowners' or disabled veterans' exemption within one year of the date of transfer. This bill does not provide any filing requirements for the parent-child or grandparent-grandchild exclusion. How will the assessor know to exclude the property from reassessment? **Principal Residence of Transferee.** Under this proposal, the principal residence qualifies for the exclusion only if the property is the principal residence of the transferee and the transferee timely files for the homeowners' or disabled veterans' exemption. What would happen if the transferee files, but fails to qualify for the homeowners' or disabled veterans' exemption? How long must the property remain the principal residence? Is this a "one-time" or "ongoing" requirement, i.e., what happens, if anything, if it is no longer the principal residence of the transferee?	
	(B) A transferee who fails to	**Principal Place of Residence.**	There is no relief available if the	Intended change in

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	claim the homeowner's exemption or disabled veteran's exemption at the time of the purchase or transfer of the family home may receive the property tax benefit provided by this section by claiming the homeowner's exemption or disabled veteran's exemption within one year of the purchase or transfer of the family home and shall be entitled to a refund of taxes previously owed or paid between the date of the transfer and the date the transferee claims the homeowner's exemption or disabled veteran's exemption.	This bill provides that if the transferee fails to file for either exemption at the time of transfer, the transferee is eligible for a refund and prospective relief if the claim for the homeowners' or disabled veterans' exemption is filed within one year of the transfer.	transferee fails to file for either exemption within one year.	exclusion. Will need to propose implementing legislation to allow for prospective relief after one year if there is a desire to change exclusion.
	(d) Subdivision (h) of Section 2 shall apply to any purchase or transfer that occurs on or before February 15, 2021, but shall not apply to any purchase or transfer occurring after that date. Subdivision (h) of Section 2 shall be inoperative as of February 16, 2021.	Sunsets the Prop 58 Parent /Child Exclusion and the Prop 193 Grandparent to Grandchild Exclusion	Intended change	None
	(e) For purposes of this section: (1) "Disabled veteran's exemption" means the exemption	Provides definition	None	None

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	authorized by subdivision (a) of Section 4 of Article XIII.			
	(2) "Family farm" means any real property which is under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity, as that term is defined in Section 51201 of the Government Code as that section read on January 1, 2020.	Provides definition	**Family Home includes Family Farm.** This bill specifies that the term "family home" also includes a family farm, which is defined as any real property under cultivation or being used for pasture, grazing, or production of any agricultural commodity. "Agricultural commodity" is defined as any and all plant and animal products produced in California for commercial purposes. There will many questions as to what will qualify as a family farm.	Promulgate Regulation Develop guidance
	(3) "Family home" has the same meaning as "principal residence," as that term is used in subdivision (k) of Section 3 of Article XIII.	Provides definition	None	None
	(4) "Full cash value" has the same meaning as defined in subdivision (a) of Section 2.	Provides definition	None	None
	(5) "Homeowner's exemption" means the exemption provided by subdivision (k) of Section 3 of Article XIII.	Provides definition	None	None
	(6) "Natural disaster" means the existence, as declared by the	Provides definition	None	None

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	Governor, of conditions of disaster or extreme peril to the safety of persons or property within the affected area caused by conditions such as fire, flood, drought, storm, mudslide, earthquake, civil disorder, foreign invasion, or volcanic eruption.			
	(7) "Primary residence" means a residence eligible for either of the following: (A) The homeowner's exemption. (B) The disabled veteran's exemption.	Provides definition	None	None
	(8) "Principal residence" as used in subdivision (b) has the same meaning as that term is used in subdivision (a) of Section 2.	Provides definition	None	None
	(9) "Replacement primary residence" has the same meaning as "replacement dwelling," as that term is defined in subdivision (a) of Section 2.	Provides definition	None	None
	(10) "Taxable value" means the base year value determined in accordance with subdivision (a) of Section 2 plus any adjustment	Provides definition	None	None

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	authorized by subdivision (b) of Section 2.			
	(11) "Victim of a wildfire or natural disaster" means the owner of a primary residence that has been substantially damaged as a result of a wildfire or natural disaster that amounts to more than 50 percent of the improvement value of the primary residence immediately before the wildfire or natural disaster. For purposes of this paragraph, "damage" includes a diminution in the value of the primary residence as a result of restricted access caused by the wildfire or natural disaster.	Provides definition	None	None
	(12) "Wildfire" has the same meaning as defined in subdivision (j) of Section 51177 of the Government Code, as that section read on January 1, 2020.	Provides definition	None	None