

# What is California Proposition 19?

Proposition 19 also known as the Home Protection for Seniors, Severely Disabled, Families and Victims of Wildfire or Natural Disasters Act, or Prop 19 for short is an amendment to the California Constitution that impacts state property tax laws and regulations. On November 3, 2020, California voters approved Proposition 19. In simplified terms Prop 19 is a Constitutional Amendment that imposes new limits on property tax benefits for inherited family property. Under Proposition 19, a child or children may keep the lower property tax base of the parent(s) but only if the property is the principal residence of the parent(s) and the child or children make it their principal residence within one year of receiving ownership. Additionally, Prop 19 allows homeowners who are over 55 years of age, disabled, or victims of a wildfire or natural disaster, to transfer their lower assessed property value of their primary home to a newly purchased or newly constructed replacement principal residence up to three times, or once per disaster. Proposition allows the property tax base may be transferred to a property located anywhere in the state of California.

Here is a helpful charts on understanding how Proposition 19 changed Proposition 58 and 193.

## PARENT-CHILD & GRANDPARENT-GRANDCHILD EXCLUSION

	Proposition 58/193 (Former Law)	Proposition 19 (Current Law)
<b>Principal Residence</b>	<ul style="list-style-type: none"> <li>→ Principal residence of transferor</li> <li>→ No value limit</li> <li>→ Residence and homesite (excess land may be excluded as "other property")</li> </ul>	<ul style="list-style-type: none"> <li>→ Principal residence of transferor and transferee</li> <li>→ Value limit of current taxable value plus \$1,000,000 (as biennially adjusted)</li> <li>→ Family homes and farms</li> </ul>
<b>Other Real Property</b>	<ul style="list-style-type: none"> <li>→ Transferor lifetime limit of \$1,000,000 of factored base year value</li> </ul>	<ul style="list-style-type: none"> <li>→ Eliminates exclusion for other real property other than the principal residence</li> </ul>
<b>Grandparent-Grandchild Middle Generation Limit</b>	<ul style="list-style-type: none"> <li>→ Parent(s) of grandchild, who qualifies as child(ren) of grandparent, must be deceased on date of transfer</li> </ul>	<ul style="list-style-type: none"> <li>→ No change: parent(s) of grandchild, who qualifies as child(ren) of grandparent, must be deceased on date of transfer</li> </ul>
<b>Filing Period</b>	<ul style="list-style-type: none"> <li>→ File claim within 3 years or before transfer to third party</li> </ul>	<ul style="list-style-type: none"> <li>→ File for homeowners' exemption within 1 year of transfer</li> <li>→ File claim for exclusion within 3 years or before transfer to third party</li> </ul>
<b>Implementing Statute</b>	<ul style="list-style-type: none"> <li>→ Revenue &amp; Taxation Code section 63.1 (implements Propositions 58/193)</li> </ul>	<ul style="list-style-type: none"> <li>→ Revenue and Taxation Code section 63.2 (implements Proposition 19)</li> </ul>
<b>Important Dates</b>	<ul style="list-style-type: none"> <li>→ Through February 15, 2021</li> </ul>	<ul style="list-style-type: none"> <li>→ Effective February 16, 2021</li> </ul>

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

	Propositions 60/90/110 (RTC Section 69.5)	Proposition 19 (RTC Section 69.6)
<b>Type of Property</b>	→ Principal residence	→ Principal residence
<b>Timing</b>	→ Purchase or newly construct residence within 2 years of sale	→ Purchase or newly construct residence within 2 years of sale
<b>Location of Replacement Home</b>	→ Same county → <a href="#">County with intercounty ordinance (10 counties)</a>	→ Anywhere in California
<b>Value Limit</b>	→ Equal or lesser value → 100% if replacement purchased/newly constructed prior to sale → 105% if replacement purchased/newly constructed in first year after sale → 110% if replacement purchased/newly constructed in second year after sale	→ Any value → No adjustment to transferred base year value if the replacement property is of equal or lesser value than the original property's market value. "Equal or lesser value" means: → 100% if replacement purchased/newly constructed prior to sale → 105% if replacement purchased/newly constructed in first year after sale → 110% if replacement purchased/newly constructed in second year after sale → Amount above "equal or lesser value" is added to transferred value
<b>How many transfers?</b>	→ One time → Exception: After using once for age, second time for subsequent disability	→ Three times
<b>Implementing Statute</b>	→ Revenue & Taxation Code section 69.5 (implements Propositions 60/90/110)	→ Revenue and Taxation Code section 69.6 (implements Proposition 19)
<b>Important Dates</b>	→ Replaced by Proposition 19 (Revenue and Taxation Code section 69.6)	→ Effective April 1, 2021

Additional Proposition 19 information can be found on the [California BOE Website](#)

## Assistance with the California Proposition 19 Parent to Child Transfer

Commercial Loan Corporation works with clients, Estate Attorneys and California Property Tax Consultants to help you qualify for a California Proposition 19 Parent to Child Transfer. We provide loans to Irrevocable Trusts and Probate that do not have sufficient cash assets. Our trust loan or probate loan allows for an equalized distribution to be made to all involved child beneficiaries without having a personal guarantee from the acquiring beneficiary.

If you require additional information on California Proposition 19 or if you are curious if you are eligible for the California Proposition 19 Parent to Child Transfer Benefit, we can assist you. We have helped hundreds of clients receive their benefit and save them over \$6,500 per year in property taxes on average. Call us at 877-464-1066 and we will answer all of your questions. We can also provide you with a free benefit analysis and let you know how much you may be able to save in property taxes on an inherited home.