



## **ACA 12 & AB 1596 (Gloria): Property Tax Relief to Families of Disabled Children**

### **Summary:**

ACA 12 and AB 1596 will assist families with disabled children relocate to homes that are better suited to their disability. Specifically, ACA 12 will submit to the voters of California whether to authorize the legislature to extend an existing, once in a lifetime opportunity to transfer “base year value” for homeowners with severely disabled children who need to purchase a new home or dwelling.

If ACA 12 is approved by the voters, AB 1596 will authorize the transfer of the base year value of a new home as described.

### **Background:**

Proposition 13 established the concept of a base year value and transfers for property tax assessments. Base-year transfers allow homeowners to continue paying property taxes at the amount and rate of growth of their previous homes and prevent reassessments of their newly purchased or constructed homes to full market value.

The California Constitution and state statutes surrounding property tax law and Prop. 13 allow a one-time transfer of the base year value of their personal residence to a replacement property. This transfer is only authorized for persons over the age of 55 and persons who are severely and permanently disabled.

For example, if a person purchased a house in 1980, the assessed value of that house is based on that purchase date and if the person needed to move in 2017 and they meet the criteria for transferring the base year, they may transfer that assessable “base” to another house. This can only be done once and in very limited circumstances.

The provisions in the law governing base year transfers - homeowners having an opportunity to transfer their base year - do not allow for a transfer when the individual has a severely and permanently disabled child. They only allow for the transfer if the resident is the disabled person.

This problem was first identified when a severe and permanently disabled veteran returned home from war. The veteran, an adult child living with his parents, was no longer able to live in his parent’s home due to his disability and needed to move. Because the adult child was not an “owner,” existing law did not afford the family the ability to utilize the significant property tax relief afforded under the base year value transfer provisions. The family was required to endure a lengthy, complicated and costly legal process in establishing a guardianship or trust. A more direct and available option should be established to assist those families caring for children who are permanently and severely disabled.

In 2016, in its analysis of ACA 6 (Brown/Salas), the Board of Equalization had “insufficient information to estimate the number of transfers that will occur each year.” This is likely because the tax relief

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provisions contained in these bills, while hugely significant to the families and individuals involved, are relatively rare and are not likely to have a major impact on state revenues.

**This bill:**

Specifically, this measure:

- Authorizes the Legislature to allow a property owner who has a severely disabled child to transfer the base year value of real property to a replacement dwelling

**Support:**

- California Assessors' Association (sponsor)
- Board of Equalization Member Jerome Horton

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**STATE BOARD OF EQUALIZATION**

BOARD APPROVED *supported bill*

At the May 30, 2018 Board Meeting

*Joann Richmond*  
Joann Richmond, Chief  
Board Proceedings Division

