Introduction to Proposition 19
Disclaimer

The information presented is intended to provide general and summary information about Proposition 19. It is not intended to be a legal interpretation or official guidance or relied upon for any purpose but is instead a presentation of summary information. If there is a conflict between the information presented and the text of the proposition or its implementing statutes, the text of the proposition or implementing statutes will prevail. When considering transferring property, it is highly encouraged that you consult an attorney for advice specific to your situation.
What is the California State Board of Equalization?

- Created in 1879 by a Constitutional amendment, responsible for ensuring county property tax assessment practices are equal and uniform throughout California.
- The BOE directly assesses the property of regulated railroads and certain public utilities, collects the private railroad car tax, and is responsible for the Alcoholic Beverage Tax, and the Tax on Insurers.
- There are four Equalization Districts with four elected Board Members, representing approximately 9.5 million Californians each. The State Controller, elected at large, serves as the Board’s fifth Member.
Proposition 13 and the Property Tax System

- County Assessors administer the assessment of your property, including real property (i.e. land, buildings)
- Proposition 13 limits assessment increases to 2% yearly based on a CPI adjustment unless there is a change in ownership or new construction. Property is reassessed a change in ownership or completion of new construction.
- Your property taxes are only reassessed for a change in ownership or due to new construction
- Exclusions from reassessment are available for specified transfers:
  - Parent-Child
  - Grandparent-Grandchild
  - Seniors (55+)
  - Disabled Persons
  - Victims of Disasters
Market Value vs. Assessed Value

- Market value is the market-driven price of any property at a given place and time or what the price a home could be sold for.
- Assessed value of real property is determined by the County Assessor at the time property is purchased, generally the sales price.
- The assessed value will then become the “base year value.”
What is Proposition 19?

• On November 3, 2020, California voters approved Proposition 19
• Added new provisions of the parent-child and grandparent-grandchild exclusions
• Added new provisions for a base year value transfer of a primary residence for persons at least age 55 or severely disabled or victims of wildfires or natural disasters
Parent-Child and Grandparent-Grandchild Exclusion

Effective February 16, 2021

• Allows transferee to retain taxable value of transferor

• Must be principal residence of parent and continue as principal residence of child (or grandparent and grandchild if parents deceased)

• Value limit of current taxable value (factored base year value) plus $1 million (adjusted annually by California House Price Index beginning in 2023)

• Family homes and family farms are included (farm doesn’t require residence and can be more than one parcel)

• Transferee must make home primary residence within 1 year of transfer and file homeowners’ or disabled veterans’ exemption claim within 1 year
Proposition 19 Value Limit Test

**Example:**
At the time of the transfer, a single-family residence has a factored base year value (FBYV) or *taxable value* of $300,000 and a fair market value of $1,500,000.

1. Calculate the sum of FBYV plus $1,000,000:

   $300,000 + $1,000,000 = $1,300,000

2. Since *the fair market value is greater than the excluded amount*, calculate the difference between the fair market value and the excluded amount:

   $1,500,000 - $1,300,000 = $200,000

3. Thus, the adjusted base year value is $500,000:

   $300,000 + $200,000 = $500,000
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How to Apply for the Parent-Child or Grandparent-Grandchild Exclusion

- Submit form BOE-19-P (parent-child) or BOE-19-G (grandparent-grandchild) to the County Assessor where the property is located
- File BOE-19-P or BOE-19-G within 3 years of transfer date, but before transferring the property to a third party
- Transferee must also file for the homeowners’ or disabled veterans’ exemption within one year of the transfer date by filing form BOE-266 or BOE-261-G (BOE Property Tax Rule 462.520 allows claim filing after one year with exclusion applying starting year of claim.)

(Additional information available on BOE’s Proposition 19 Fact Sheet and Taxpayers’ Rights Advocate Office Information Sheets Publications 800-1 and 800-2)
Proposition 19 Base Year Value Transfer
Persons Over Age 55 or Older/Disabled

Effective April 1, 2021

- Must be your principal residence
- Purchase or newly construct replacement home within two years of sale of original home
- Anywhere in California
- You can transfer three (3) times
- Must be age 55 or older when original home is sold or any age if disabled
- Sale of original or purchase/completion of replacement must occur on or after April 1, 2021
- No limit to market value of replacement compared to original but market value difference added to transferred value
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Base Year Value Transfer Example

**Example #1: Replacement Market Value ≤ Market Value of Original**

- Original Taxable Value = $300,000
- Original Market Value = $900,000
- Replacement Market Value = $700,000

Since the replacement’s market value is less than the original’s market value, the taxable value (factored base year value) transferred to replacement will remain at $300,000 with no adjustment.

**Example #2: Replacement Market Value > Market Value of Original**

- Original Taxable Value = $300,000
- Original Market Value = $600,000
- Replacement Market Value = $700,000

Since the replacement’s market value is $100,000 more than the original’s, the difference in market value is added to the transferred value. The taxable value of the replacement will be $400,000 ($300,000 + $100,000).
How to Apply for the Base Year Value Transfer for Persons 55 and Older or Disabled Persons

Effective April 1, 2021

• Submit form BOE-19-B if qualifying based on age or BOE-19-D if qualifying based on disability to the County Assessor where replacement property is located (BOE-19-DC also required with BOE-19-D)

• File within 3 years of replacement’s purchase or the date new construction of the replacement is completed

• At time of filing claimant must own and occupy the replacement property as their principal residence

(Additional information available on BOE’s Proposition 19 Fact Sheet and Taxpayers’ Rights Advocate Office Information Sheets Publications 800-3 and 800-4)
Proposition 19 Base Year Value Transfer for Victims of Wildfire or Natural Disaster

Effective April 1, 2021

- Must be your principal residence
- Must purchase or newly construct a new residence within two years of sale of original home
- Anywhere in California
- Wildfire or natural disaster as declared by Governor
- Property must be substantially damaged or destroyed (more than 50% of the market value of land or improvement value)
- Sale of original or purchase/completion of replacement must occur on or after April 1, 2021
- Original property must be sold in damaged state
- No limit to market value of replacement compared to original (before disaster) but excess is added to transferred value
How to Apply for the Base Year Value Transfer for Victims of Wildfire or Other Natural Disaster

- Submit form BOE-19-V, Claim for Transfer of Base Year Value to Replacement Primary Residence for Victims of Wildfire or Other Natural Disaster
- File within 3 years of replacement’s purchase or date of completion of new construction whichever occurs last
- At time of filing claimant must own and occupy the replacement property as their principal residence

(Additional information available on BOE’s Proposition 19 Fact Sheet)
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**Additional Information and Resources**

- This information is current as of April 2023
- When considering property transfers, we recommend that you consult your attorney or tax professional
- Visit [www.boe.ca.gov](http://www.boe.ca.gov) for comprehensive information about Proposition 19
- See BOE’s Taxpayers’ Rights Advocate Office Information Sheets at [www.boe.ca.gov/tra](http://www.boe.ca.gov/tra)
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https://www.boe.ca.gov/FindBoardMember/