

CALIFORNIA PROPOSITION 19

Will this have an impact on your next escrow?



The Property Tax Transfers, Exemptions, & Revenue for Wildfire Agencies and Counties Amendment

In the 2020 election, California voters approved Prop 19. These changes may impact your next escrow and if eligible, require additional forms to transfer your tax basis. Understanding property tax implications tied to real property transfers is an important consideration in any transaction.

What does the passing of CA PROP 19 MEAN?

Effective April 1, 2021, previous restrictions based on location will be removed, allowing *eligible homeowners to:

- ▶ **Move anywhere in CA:** *Eligible homeowners will be able to transfer the taxable value of a PRIMARY RESIDENCE anywhere in the state within two years of the sale of the original primary residence.
- ▶ **Utilize the Transfer Multiple Times:** Homeowners over 55 or who are severely disabled may transfer the taxable value of a property up to three times in their lifetime. Natural disaster and wildfire victims will be allowed a transfer once in a lifetime.
- ▶ **Purchase a Property of Higher Value:** When purchasing a more expensive home, the tax bill will go up but by a lower amount than for other buyers.

***Eligible Homeowners refers to persons over 55, victims of wildfires or other natural disasters, and the severely disabled.**

Inherited properties *(Changes effective February 16, 2021)*

- ▶ All reassessment exemptions for inherited properties only apply if the property is used as a primary residence by the child (or sometimes grandchild) or used as a family farm.
- ▶ In cases in which the current market value of an inherited property exceeds the parent's taxable value by more than \$1M, the child's taxable value will be assessed at current market value and reduced by \$1M. The State Board of Equalization will adjust the \$1M amount of inflation beginning February 16, 2021 and every following two years.



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