

CALIFORNIA PROPOSITION 19

Proposition 19 (2020) amended the California Constitution by adding sections that provide further expansion and qualifications regarding limitations on property tax increases for **persons over 55, the severely disabled, victims of wildfires or other natural disasters (collectively referred to as "eligible homeowners") and transfers of certain inherited properties.**

These changes may affect your next escrow, if eligible. Additional forms may be required if you plan to transfer your tax basis for an eligible transaction.

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Eligible Homeowners

Effective April 1, 2021, location restrictions will be removed allowing eligible homeowners to:

- **Move Anywhere in the State** - The taxable value of a primary residence may be transferred to a replacement primary residence anywhere within the state, as long as it is within two years of the sale of the original primary residence.
- **Purchase a More Expensive Home** - A home of greater market value may be purchased without incurring a substantial increase in taxable value. The property tax bill would still go up but not by as much as it would for other homebuyers.
- **Increase the Use of the Transfer** - Homeowners who are over 55 or severely disabled could transfer the property's taxable value up to three times in their lifetime.

Inherited Properties

Effective February 16, 2021, the following qualifications will apply to inherited properties:

- **Continued Use as Primary Residence or Family Farm** - The reassessment exemption on inherited properties would apply only if the property is used by the child (or grandchild under certain circumstances) as their primary residence, or if the property is a family farm. Properties used for other purposes would not qualify for the exemption.
- **Increase for High Value Inherited Homes and Farms** - If the current market value of an inherited property exceeds the parent's taxable value by more than \$1 million, then the child taxable value shall be assessed as the current market value less \$1 million*.

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*The State Board of Equalization shall adjust the \$1 million amount of inflation beginning on February 16, 2023 and every two years thereafter.

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