

PROPOSITION 19 – Property Tax Transfers, Exemptions, and Revenue for Wildfire Agencies and Counties Amendment 2020

GENERAL INFORMATION - TIMING



- Proposition 19 takes effect on **February 16, 2021** for the Property Tax Fairness for Family Homes portion of the measure; and **April 1, 2021** for Property Tax Fairness for Seniors, the Severely Disabled, and Victims of Wildfire and National Disasters portion of the measure.
- The ballot measure created the California Fire Response Fund (CFRF) and County Revenue Protection Fund (CPRF).
- The Ballot measure requires the California Director of Finance to calculate additional revenues and net savings resulting from Prop 19.
- The California State Controller is required to deposit 75% of the calculated revenue to the Fire Response Fund and 25% to the County Revenue Protection Fund.
- The County Revenue Protection Fund was set to be used to reimburse counties for revenue losses related to the measure's property tax changes.
- The Fire Response Fund was set to be used to fund the suppression staffing and full-time station-based personnel.

Prop 19 - Changes Pending Enactment (cleanup legislation)

PARENT-CHILD & GRANDPARENT-GRANDCHILD EXCLUSION February 16, 2021



Current Law

Proposition 19

Principal Residence

- Principal residence of transferor
- No value limit
- Residence and homesite (excess land may be excluded as “other property”)

- Principal residence of transferor and transferee
- Value limit of current taxable value plus \$1 million (as annually adjusted)
- Family Homes and farms

Other Real Property

- Transferor lifetime limit of \$1 million of factored base year value

- Eliminates exclusion for other real property other than the principal residence

Grandparent-Grandchild Middle Generation Limit

- Parent(s) of grandchild who qualifies as a child(ren) of grandparent must be deceased on date of the transfer

- No Change

Filing Period

- File claim within 3 years or before transfer to third party

- File for homeowner’s exemption within 1 year of transfer

Prop 19 - Changes

BASE YEAR VALUE TRANSFER – PERSONS AT LEAST AGE 55/DISABLED April 1 2021



	<u>Current Law</u>	<u>Proposition 19</u>
Type of Property	➤ Principal residence	➤ Principal residence
Timing	➤ Purchase or newly constructed residence within 2 years of sale	➤ No change
Location of Replacement	➤ Same County ➤ County with intercounty ordinance (10 Counties)	➤ Anywhere in California
Value Limit	➤ Equal or lesser value ➤ 100% if replacement purchased/new construction prior to sale ➤ 105% if replacement purchased/new construction in first year after sale ➤ 110% if replacement purchased/new construction in second year after sale	➤ Any value ➤ Amount above 100% is added to transferred value
How many transfers	➤ One time	➤ Three times

Prop 19 - Changes



BASE YEAR VALUE TRANSFER – *INTRACOUNTY* DISASTER RELIEF—April 1,2020

Current Law

Proposition 19

Type of Property

➤ Any type of Property

➤ Principal residence

Timing

➤ Purchase or newly constructed residence within 5 years of disaster

➤ Purchase or newly constructed residence within 2 years of sale

Location of Replacement

➤ Within same County

➤ Anywhere in California

Value Limit

➤ Any value
➤ Amount above 120% is added to transferred value

➤ Any value
➤ Amount above 100% is added to transferred value

Type of Disaster

➤ Disaster for which the Governor proclaims a state of emergency

➤ Wildfire, as defined, or natural disaster as declared by the Governor

Implementing Statute

➤ RTC Section 69 (implements Prop 50)

➤ To be determined

Prop 19 - Changes

BASE YEAR VALUE TRANSFER – INTERCOUNTY DISASTER RELIEF—April 1,2020



Current Law

Proposition 19

Type of Property

➤ Principal residence

➤ Principal residence

Timing

➤ Purchase or newly constructed residence within 3 years of disaster

➤ Purchase or newly constructed residence within 2 years of sale

Location of Replacement

➤ Counties with intercounty ordinance

➤ Anywhere in California

Value Limit

- Equal or lesser
- 105% if replacement purchased/new construction in first year after disaster
- 110% if replacement purchased/new construction in second year after disaster
- 115% if replacement purchased/new construction third year after disaster

- Any value
- Amount above 100% is added to transferred value

Type of Disaster

➤ Disaster for which the Governor proclaims a state of emergency

➤ Wildfire, as defined, or natural disaster as declared by the Governor

WHEN WILL LOCAL GOVERNMENTS BEGIN TO RECEIVE REVENUE?



- The Act will be effective between February 16 and April 1 2021 (depending on portion of Proposition 19 that is applicable)
- Each county will be responsible for determining the gain for the county and for each local agency resulting from the implementation of Prop 19 by adding the following amounts:
 - The revenue increase resulting from the sale and reassessment of original primary residences sold and reassessed from departing from 55+ property owner will be offset by the declines resulting in the application of base values of transfers and new purchases from inbound owners
- A county or any local agency in the county that has a positive gain as a result of this calculation shall not be eligible to receive reimbursement from the County Revenue Protection Fund.
- According to the measure the CDTFA shall determine each eligible agency's aggregate gain/loss every three years and provide reimbursement to each eligible local agency with a negative gain from the moneys in the County Revenue Protection Fund.

Implementing legislation will provide details and clarification.