

California Proposition 19: A comprehensive overview
By George Wooding, Chair Government and Elections

Proposition 19, also known as the Home Protection for Seniors, Severely Disabled, Families and Victims of Wildfire or Natural Disasters Act, was passed by California voters on November 3, 2020. It brought significant changes to property tax rules in California, particularly impacting property tax reassessments for inherited properties and expanding portability options for certain homeowners. Here's a breakdown of its key provisions:

1. Expansion of property tax benefits for certain homeowners (effective April 1, 2021)

- **Expanded Transferability:** Allows homeowners aged 55 or older, those severely and permanently disabled, or victims of wildfires or natural disasters to transfer their primary residence's factored base year value (taxable value) to a replacement residence located anywhere in California.
- **No Value Limit (with Adjustment):** There's no limit on the value of the replacement property compared to the original. If the replacement property is more expensive, the difference in value is added to the transferred tax base, resulting in a higher, but still discounted, property tax bill compared to a full reassessment.
- **Increased Number of Transfers:** Eligible homeowners can utilize this tax relief up to three times (homeowners who have lost their home in a natural disaster can use this benefit without limit).
- **Application Process:** To apply for the base year value transfer, eligible homeowners must file the appropriate claim form with the county assessor's office where the replacement property is located within three years of purchasing or constructing the replacement home.

2. Limitations on inherited property tax benefits (effective February 16, 2021)

- **Principal Residence or Family Farm Requirement:** The existing property tax benefits for inherited properties (transferred between parents and children or grandparents and grandchildren) now only apply to the transfer of a family home or family farm that continues to be used as the principal residence or farm by the transferee.
- **Value Limit:** A value limit applies to the exclusion. The excluded amount is the property's factored base year value plus \$1 million (adjusted annually for inflation starting in 2023). If the market value of the property exceeds this limit at the time of transfer, the excess amount is added to the property's factored base year value, leading to a partial reassessment.
- **Transferee Residency and Exemption Filing:** To qualify for the exclusion, the transferee (child or grandchild) must reside in the inherited family home as their primary residence within one year of the transfer and apply for a homeowners' or disabled veterans' exemption within the same timeframe.
- **Elimination of Exclusion for Other Properties:** The previous exclusion for other real property (e.g., vacation homes or rental properties) transferred between generations has been eliminated, leading to a full property tax reassessment upon transfer.

3. **Revenue - Wildfire Response and County Revenue Protection Funds:** Proposition 19 allocates net state revenues and savings generated by the measure to the California Fire Response Fund (75%) and the County Revenue Protection Fund (15%). The remaining 10% is allocated to other state and local programs that support fire response and suppression activities.

4. Important notes

- 5. Proposition 19 is a complex constitutional amendment and it's essential to consult with an attorney or qualified tax professional for advice on your specific situation.
- 6. The State Board of Equalization (BOE) provides resources and information on Proposition 19, including frequently asked questions and claim form.

See the following Resolution from Midtown Terrace Homeowners Association re: fixing Prop 19I

Please consider this as an emergency resolution.

Presented by George Wooding, Chair Government and Elections

MIDTOWN TERRACE HOMEOWNERS ASSOCIATION RESOLUTION TO FIX PROP 19

To the SF Mayor, Board of Supervisors and the State Legislature

WHEREAS, on November 3, 2020, Proposition 19 was approved reassessing property taxes upon the death of a parent or grandparent;

WHEREAS, the City acknowledges that it's Citizens feel deceived as families are losing multigenerational homes; tenants are having rents increased or losing naturally occurring affordable housing; and Mom and Pop family small businesses are struggling to survive;

WHEREAS, the intent was to fund wildfire and no monies have gone to such since inception while families are losing homes and closing businesses due to unaffordable property tax reassessment;

WHEREAS, the intent was to protect Seniors, Severely Disabled, Families and Victims of Wildfire but is harming those intended;

WHEREAS, most people inherit homes in their Golden Years and Seniors are largest demographic moving into homelessness with those retiring at age 65 "almost certain" to outlive assets, as people are living longer;

WHEREAS, the Board of Supervisors acknowledges we need affordable housing and should not be taking it away from those who have it;

WHEREAS, the Board of Supervisors acknowledges we need Small Businesses and anything challenging survival should be reconsidered;

WHEREAS, the Board of Supervisors realizes there may have been unintended consequences of 2020 Proposition 19;

WHEREAS, 2011 SB202 has removed the checks and balances of initiatives and referendums from Citizens disenfranchising them from the momentum required to place a successful Citizens Initiative on the ballot. That after 2 attempts with costs to conduct a successful campaign ranging into the hundreds of millions significant harm is being done to our Citizens requiring a Resolution;

WHEREAS, Cities are spending significant monies for homeless and affordable housing; going into deficit struggling to support those already in need; and do not need to add to those in need;

WHEREAS, 66% of households are childless; Governments can wait for natural progression of sales to occur in lieu of displacing inheritors with a potential future cost 4 times that of aging in place;

RESOLVED, the Board of Supervisors calls for support to FiXProp19 returning to Propositions 58 and 193 legislation preserving Prop13 to keep people housed while keeping portability;

RESOLVED, the Board of supervisors calls for support to FiXProp19 to reverse property tax reassessments retroactive prior to the February 16, 2021, effective date;

RESOLVED, the Board of Supervisors calls for issuances of Certificates of Preference to low income housing for those Citizens impacted by Proposition 19 within the City be it inheritor, tenant or business owner until FiXProp19 occurs;

RESOLVED, the Board of Supervisors believes that Proposition 19 will lead to more homelessness and business closures until we FiXProp;

THEREFORE BE IT FINALLY RESOLVED, the Board of Supervisors urges the State to work through the California State Legislature as it did in 1986 when Proposition 58 was a legislatively referred constitutional amendment to provide relief to those losing homes and small businesses due to unaffordable property tax reassessments.

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