

CA Proposition 19

CA Proposition 19, passed in the election held in November 2020, will change certain sections of California real estate tax and estate law once it goes into effect on February 15, 2021. One group of these changes pertain to certain circumstances that affect three groups of homeowners: those over 55 years of age, those with a severe disability, or those whose property has been impacted by a natural disaster.

The following is reproduced from a League of Women Voters Education Fund pamphlet on this year's CA Propositions which was available prior to the November election.

“The (current) Situation:

Prop. 13 set initial tax assessments on property values in 1975. Annual assessment increases are limited to two percent. Property taxes are limited to one percent of the assessed value plus any voter-approved local taxes. When a change in ownership occurs, the property is reassessed at its then current market value. The market value of most properties grows faster than two percent per year, leaving many properties taxed at a value below market price. Some homeowners who are over the age of 55, have a severe disability, or whose property has been impacted by a natural disaster are allowed a once-in-a-lifetime transfer of the taxable value to a different home of equal or lesser value. Transfers must occur within two years.

Another section of Prop 19 has to do with revisions to certain inherited property tax rules.

(Currently), special inherited property rules allow some transfers without resetting the taxable value. When principal residences are inherited by adult children or between grandparents and grandchildren, the heirs inherit the original owner's lower property tax assessment.”

Once effective, Prop. 19 will make the following changes:

- Allow eligible homeowners to transfer a property's taxable value to a more expensive home anywhere in the state, up to three times in a lifetime. Once-in-a-lifetime transfers would still apply to victims of wildfires and natural disasters.
- Eliminate the transfer of taxable values of inherited properties, unless the properties are the heirs' principal residence or a farm.
- Owner-occupied inherited properties with a market value more than \$1 million greater than its taxable value would receive an upward tax assessment on the \$1 million amount, adjusted for inflation after February 16, 2023.
- Use increased state tax revenue from Prop. 19 in statewide fire suppression efforts and reimbursement of counties' costs.