



Benefits Fact Sheet

Proposition 19 Benefits Your Clients

- **Removes location and price restrictions on property tax transfers** for homeowners who are 55+, severely disabled, or victims of wildfire or natural disaster and allows them to transfer the property tax base of their existing home to a new home anywhere in California, regardless of price (with an adjustment upward to their tax basis if the replacement property is of greater value).
- **Creates housing opportunities** to build more senior housing and retirement communities for millions of seniors and Baby Boomers to retire with Prop 19's tax benefits.
- **Generates homebuying opportunities** for tens of thousands of renters, young families, and first-time homeowners.
- **Provides new revenues annually** for fire protection, emergency response, local government, and school districts.

California Homeowners Can Realize Significant Annual Property Tax Savings

Prop 19 removes location and price restrictions to allow homeowners who are 55 or older, severely disabled, or victims of wildfires or natural disasters to:

- **Purchase a replacement home anywhere in California and transfer the taxable value of their current home**, allowing them to realize significant annual property tax savings.
- **Move closer to family or medical care, purchase a home that better meets their needs**, replace a fire-damaged home, or retire or relocate anywhere in the state without a tax increase.
- **Save substantially in annual property taxes when moving to a replacement home**, even if the replacement home is more expensive than the original primary residence (with an adjustment upward to their tax basis if the replacement property is of greater value).
- **Transfer the low property tax base of their original home** to a new home up to three times.

Prop 19 Tax Base Transfers Start April 1, 2021

- **Replacement home sales and purchases that close escrow on or after April 1, 2021**, qualify for Prop 19 property tax base transfers.
- Replacement home sales and purchases where either the sale or purchase of a primary residence takes place before April 1, 2021, also qualify as long as the subsequent sale or purchase takes place within two years and on or after April 1, 2021.

Prop 19 Tax Savings Examples

Buying a Home Across County Lines: If the sale price of the existing home is the same as (or less than) the purchase price of the replacement home, the new taxable value of the replacement home is the same as the original residence.

- **Scenario:** A senior couple on a fixed income lives in a home valued at \$600,000. They paid \$2,200 in property taxes in 2020 (based on the \$200,000 original purchase price). They want to downsize and move closer to family, but would pay \$6,600 in property taxes because they moved across county lines. Under Prop 19, instead of facing a moving tax penalty, the couple would save \$4,400 annually in property taxes.
- **Under Prop 19:** The senior couple can sell their \$600,000 home and purchase another home for \$600,000* anywhere in California without a property tax increase. When transferring the low property tax base of their original home to another home across county lines, they can move without a tax increase and **save \$4,400 per year in property taxes.**

Buying a More Expensive Home: If the sale price of the replacement home costs more than the price of the existing home, qualified homeowners can blend the tax base of their original home with the tax base of the new home. The new, adjusted property tax base of the replacement home takes the tax base of the original home and adds the difference between the sale price of the new home and the original home.

- **Scenario:** Another senior couple with a home valued at \$600,000 (also paying \$2,200 in property taxes) wants to downsize from a two-story home that is too big for their needs, is too expensive to maintain, and has stairs that are difficult for them to use. They want to downsize to a more manageable home in a newly built retirement community nearby for \$700,000, but they can't afford the \$7,700 spike in property taxes that comes with moving.
- **Under Prop 19:** This couple will save \$4,400 in annual property taxes*. Prop 19 allows homeowners to keep their existing Prop 13 tax base and transfer it to a more expensive home. The property tax base of the new home is determined by adding the difference between the sales price of the replacement home (\$700,000) and the original home (\$600,000) to the tax base of the original home (\$200,000). **In this example, the couple would pay \$3,300 in property taxes, instead of \$7,700 in property taxes.** (*The tax savings could be greater depending on the definition of "equal or lesser" value).

Applying for the Prop 19 Homeowner Property Tax Exemption

- The Board of Equalization has provided Prop 19 application forms to all county assessors. These are available to eligible property owner. Upon application the vast majority of county assessors are processing the Prop 19 tax savings as intended.
- However, if there is any delay in processing of Prop 19 application, a new law, effective in September of 2022, allows eligible jurisdictions to require property taxes to be deferred without any penalty or interest if 1) the property owner has filed a Prop 19 claim with the county, but the county assessor has not completed its determination of the property's eligibility for Prop 19 tax relief, and 2) the property owner requests a deferment.

The information contained herein is intended to provide general information and is not intended as a substitute for individual legal advice. Specific examples used are only general examples, and the actual amount of property taxes owed for any person will depend on the specific situation of the individual and a wide variety of other factors. Therefore, all persons are directed to seek the advice of an attorney regarding their specific tax and legal situation.