

UNDERSTANDING CA PROPOSITION 19

California voters have approved Proposition 19, that gives exemptions to **older homeowners, the disabled** and wildfire victims and strips breaks from people who inherit homes but don't live in them. These new changes may affect your next escrow. Additional forms may be required if you plan to transfer your tax basis for an eligible transaction.



The proposition makes changes to the special rules for Eligible Homeowners and Inherited Properties:

1. Effective April 1, 2021, expanded special rules will be applied for Eligible Homeowners:

- **Allows Moves Anywhere in the State.** Eligible homeowners could keep their lower property tax bill when moving to another home anywhere in the state.
- **Allows the Purchase of a More Expensive Home.** Eligible homeowners could use the special rules to move to a more expensive home. Their property tax bill would still go up but not by as much as it would be for other homebuyers.
- **Increases Number of Times a Homeowner Can Use the Special Rules.** Homeowners who are over 55 or severely disabled could use the special rules three times in their lifetime.

2. Effective February 16, 2021, the following qualifications will apply to Inherited Properties:

- **Ends Special Rules for Properties Not Used as a Home or for Farming.** The special rules would apply only to two kinds of inherited property. First, the rules would apply to properties used as a primary home by the child or grandchild. Second the rules would apply to farms. Properties used for other purposes could no longer use the special rules.
- **Requires Tax Bill to Go Up for High Value Inherited Homes and Farms.** The property tax bill for an inherited home or farm would go up if the price the property could be sold for exceeds the property's taxable value by more than \$1 million (adjusted for inflation every two years). In this case, the tax bill would go up but not as much as it would if the property were sold to someone else.

3. Dedicates Certain Money for Fire Protection

- Allocates net state (but not local) revenues and savings (if any) to wildfire response and for reimbursing local governments. However the COVID-19 Pandemic has created significant uncertainty for the state budget, the legislative analyst believes that the vast majority of the wildfire funding will not start flowing until 2025 at the earliest.

i For more information visit: [https://ballotpedia.org/California_Proposition_19_Property_Tax_Transfers,_Exemptions,_and_Revenue_for_Wildfire_Agencies_and_Counties_Amendment_\(2020\)](https://ballotpedia.org/California_Proposition_19_Property_Tax_Transfers,_Exemptions,_and_Revenue_for_Wildfire_Agencies_and_Counties_Amendment_(2020))

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