



STATE BOARD OF EQUALIZATION
PROPERTY TAX DEPARTMENT
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
1-916-274-3350 • FAX 1-916-285-0134
www.boe.ca.gov

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No. 2022/009

February 17, 2022

TO COUNTY ASSESSORS:

IMPLEMENTATION OF PROPOSITION 19: BASE YEAR VALUE TRANSFERS

Effective September 30, 2021, [Senate Bill 539](#) (Stats. 2021, ch. 427) adds, among other things, [section 69.6](#) to the Revenue and Taxation Code to implement the base year value transfer provisions of article XIII A, [section 2.1](#)(b) and (e) of the California Constitution. Section 2.1 was added to the Constitution under Proposition 19, which was approved by the voters in November 2020. These base year value transfer provisions became operative on April 1, 2021.

Revenue and Taxation Code¹ section 69.6(a) generally provides that any person over 55 years of age, or any severely and permanently disabled person, or a victim of wildfire or natural disaster who resides in property that is eligible for either the homeowners' exemption or the disabled veterans' exemption may transfer the factored base year value of that property to any replacement dwelling that is purchased or newly constructed by that person as their principal residence within two years of the sale by that person of the original property. The factored base year value of the original property cannot be transferred to the replacement dwelling until the original property is sold.

In addition to this general provision, section 69.6(b) provides the following additional specific requirements that must be satisfied in order to qualify for the base year value transfer:

- A person claiming the base year value transfer (claimant) must own and reside in the original property as a principal residence (thus, eligible for either the homeowners' or disabled veterans' exemption) either at the time of its sale or within two years of the purchase or new construction of the replacement dwelling. There is no requirement that the exemption be granted in the name of the claimant.
- At the time of sale of the original property, the claimant must meet one of the following:
 - At least 55 years of age or older, or
 - Severely and permanently disabled,² or
 - A victim of wildfire or natural disaster.

¹ All statutory references are to the Revenue and Taxation Code, unless otherwise noted.

² "Severely and permanently disabled" is defined in [section 74.3](#)(b) as "any person who has a physical disability or impairment, whether from birth or by reason of accident or disease, that results in a functional limitation as to employment or substantially limits one or more major life activities of that person, and that has been diagnosed as permanently affecting the person's ability to function, including, but not limited to, any disability or impairment that affects sight, speech, hearing, or the use of any limbs."

- At the time of filing the claim for the base year value transfer, the claimant must own and occupy the replacement dwelling as a principal residence (thus, eligible for either the homeowners' or disabled veterans' exemption).
- The claimant must sell the original property within two years of the purchase or completion of new construction of the replacement dwelling.
- Either one or both of the following events must occur on or after April 1, 2021:³
 - Sale of the original property, or
 - Purchase or completion of new construction of the replacement dwelling.
- The purchase or new construction of the replacement dwelling includes the purchase of land on which the replacement building, structure, or other shelter constituting the claimant's place of abode will be situated. The land is considered part of the replacement dwelling.

Both "sale" and "purchase" are defined as a change in ownership for consideration.⁴ This is a two-part test that requires (1) a reappraisable change in ownership pursuant to sections 60 and 61, and (2) something of value exchanged for the real property. Consideration is not limited to the payment of cash; it could include the exchange of other property, the assumption of a debt, the cancellation of an outstanding debt, or the creation of a debt. While this definition does not require that consideration be equivalent to market value, the consideration should be more than nominal value.

Claimant

A "claimant" is any person claiming the base year value transfer under section 69.6.⁵ A "person" means any individual, including an individual who is the present beneficiary of a trust. However, a person does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind.⁶

Limited Number of Base Year Value Transfers

A claimant who is over age 55 or severely and permanently disabled is limited to three base year value transfers under section 69.6.⁷ This limit does not apply to a claimant who is a victim of wildfire or natural disaster. None of the other base year value transfers, as provided for in sections 69, 69.3, 69.4, and 69.5, count toward the three-time limit provided under section 69.6.

Unlike the section 69.5 base year value transfer provisions (Propositions 60/90/110), a spouse of a claimant who is a record owner of the replacement dwelling is not considered a claimant for purposes of the section 69.6 base year value transfer. Thus, each spouse or registered domestic partner may each transfer their base year value three times.

³ If both events occurred prior to April 1, 2021, then the claimant must qualify under the section 69.5 base year value transfer provisions (Propositions 60/90/110).

⁴ Sections 67 and 69.6(d)(9).

⁵ Section 69.6(d)(10).

⁶ Section 69.6(d)(12).

⁷ Section 69.6(b)(6).

Original Property and Replacement Dwelling

Both "original property" and "replacement dwelling" are defined as a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as the claimant's principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated.⁸ "Land" includes the following:

- All land if any nonresidential uses of the property are only incidental to the use of the property as a residential site.
- A leasehold interest described in section 61(c) or a land purchase contract.

Each unit of a multi-unit dwelling is considered to be a separate original property or a separate replacement dwelling. For example, if a single-family principal residence is sold and a duplex is purchased as a replacement dwelling, only one unit of the duplex (the unit that is occupied by the owner as a principal residence) is eligible for the base year value transfer. The other unit of the duplex will be subject to reassessment at current market value.

However, an original property or a replacement dwelling is not considered a multi-unit dwelling if all of the following are met:⁹

- There is a dwelling unit on the property,
- The only other units on the real property are accessory dwelling units or junior accessory dwelling units,
- Any accessory dwelling units and junior accessory dwelling units are not separately alienable from the title of any other dwelling unit on the property, and
- The claimant occupies one of the units as their primary residence.

Value Comparison Test

A claimant may purchase or newly construct a replacement dwelling of any value. However, if the full cash value of the replacement dwelling exceeds the full cash value of the original property, then the difference in full cash values will be added to the transferred base year value.

The full cash value of the original property means either of the following, as applicable:¹⁰

- Its new base year value as of its date of sale, without the application of the intergenerational exclusion under article XIII A, section 2.1(c), of the California Constitution, plus any applicable inflationary adjustments for the period from the date of its sale to the date on which the replacement dwelling was purchased or new construction was completed.

⁸ Section 69.6(d)(3) and (d)(4).

⁹ Section 69.6(d)(5).

¹⁰ Section 69.6(d)(8).

- In the case where the original property has been substantially damaged or destroyed by wildfire or natural disaster and the owner does not rebuild on the original property, its full cash value, as determined in accordance with section 110, immediately before its substantial damage or destruction by wildfire or natural disaster, as determined by the County Assessor where the property is located.

The full cash value of the replacement dwelling is its full cash value as of the date on which it was purchased or new construction was completed.¹¹ If the replacement dwelling is, in part, purchased and, in part, newly constructed, the date that the full cash value is determined is the date that occurs later. For example, if vacant land is purchased and subsequently a new residence is constructed, the full cash value of both the land *and* the improvements is determined as of the date of completion of new construction.

When the full cash value of the replacement dwelling is of *equal or lesser value* than the full cash value of the original property, the factored base year value of the original property becomes the new base year value of the replacement dwelling. If the purchase or completion of new construction of the replacement dwelling occurs after the sale of the original property, then the transferred base year value will include any annual inflationary adjustments that may have occurred between the date of sale and the date of purchase or completion of construction of the replacement dwelling.

Equal or lesser value means the full cash value of the replacement dwelling does not exceed one of the following, which is based on the date of sale of the original property and the date of purchase or completion of new construction of the replacement dwelling:¹²

- **100 percent** of the full cash value of the original property if a replacement dwelling is purchased or newly constructed **before** the sale of the original property, or
- **105 percent** of the full cash value of the original property if a replacement dwelling is purchased or newly constructed within the **first year** after the sale of the original property, or
- **110 percent** of the full cash value of the original property if a replacement dwelling is purchased or newly constructed within the **second year** after the sale of the original property.

Thus, the "full cash value of the original property" includes the 105 percent and 110 percent adjustments used to determine whether the full cash value of the replacement dwelling is of "equal or lesser value" or of "greater value" than the original property.

If the full cash value of the replacement dwelling does not meet the applicable "equal or lesser value" definition above, then it must be of "greater value." If the replacement dwelling is of "greater value," then the amount above the "equal or lesser value" of the original property's full cash value is added to the transferred base year value.

¹¹ Section 69.6(d)(7).

¹² Section 69.6(d)(13).

Therefore, in cases where the replacement dwelling is purchased or newly constructed *before* the sale of the original property and the full cash value of the replacement dwelling exceeds the market value of the original property, then the difference in full cash values will be added to the transferred base year value. If the replacement dwelling is purchased or newly constructed *after* the sale of the original property, depending on the time period when the replacement is purchased, the amount above 5% or 10% over the original property's full cash value is added to the transferred base year value.

Example 1: Homeowner, who is over age 55, purchased a replacement dwelling on July 22, 2021, for a full cash value of \$730,000. Homeowner sold a primary residence (original property) on September 19, 2021, for a full cash value of \$700,000. At the time of sale, the original property had a factored base year value of \$225,738.

Since the replacement dwelling was purchased prior to the sale of the original property, then 100 percent of the full cash value of the original property would be compared to the full cash value of the replacement dwelling. Since the full cash value of the replacement dwelling exceeds 100 percent of the full cash value of the original property, the difference (excess) between the full cash value of the replacement dwelling (\$730,000) and the full cash value of the original property (\$700,000) is added to the original property's factored base year value ($\$730,000 - \$700,000 = \$30,000 + \$225,738 = \$255,738$). Thus, \$255,738 is transferred to the replacement dwelling as of September 19, 2021.

Example 2: Homeowner, who is over age 55, sells a primary residence (original property) on July 22, 2021, for a full cash value of \$700,000. At the time of sale, the original property had a factored base year value of \$225,738. On September 19, 2021, a replacement dwelling was purchased for a full cash value of \$730,000.

Since the replacement dwelling was purchased within the first year after the sale of the original property, then 105 percent of the full cash value of the original property would be compared to the full cash value of the replacement dwelling. The original property's full cash value equals $\$700,000 \times 105\% = \$735,000$. The replacement dwelling's full cash value equals \$730,000. Since the full cash value of the replacement dwelling (\$730,000) does not exceed 105 percent of the full cash value of the original property (\$735,000), then the original property's factored base year value of \$225,738 is transferred to the replacement dwelling.

Example 3: Homeowner, who is over age 55, sold a primary residence (original property) on July 22, 2021, for a full cash value of \$500,000. At the time of sale, the original property had a factored base year value of \$137,725. On October 7, 2021, a replacement dwelling was purchased for a full cash value of \$700,000.

Since the replacement dwelling was purchased within the first year after the sale of the original property, then 105 percent of the full cash value of the original property would be compared to the full cash value of the replacement dwelling. The original property's full cash value equals $\$500,000 \times 105\% = \$525,000$. The replacement dwelling's full cash value equals \$700,000. Since the full cash value of the replacement dwelling exceeds 105 percent of the full cash value of the original property, the difference (excess) between the full cash value of the replacement dwelling (\$700,000) and the adjusted full

cash value of the original property (\$525,000) is added to the original property's factored base year value ($\$700,000 - \$525,000 = \$175,000 + \$137,725 = \$312,725$). Thus, \$312,725 is transferred to the replacement primary residence.

Example 4: Homeowner, who is over age 55, sold a primary residence (original property) on January 17, 2020, for a full cash value of \$1,000,000. At the time of sale, the original property had a factored base year value of \$457,426. On December 2, 2021, a replacement dwelling was purchased for a full cash value of \$1,100,000.

Since the replacement dwelling was purchased within the second year after the sale of the original property, then 110 percent of the full cash value of the original property would be compared to the full cash value of the replacement dwelling. In addition, inflationary adjustments must also be added since a lien date occurred between the date of sale of the original property and the date of purchase of the replacement dwelling. The original property's full cash value equals $\$1,000,000 \times 1.01036$ (2021 inflation factor¹³) = $\$1,010,360 \times 110\% = \$1,111,396$. Since the full cash value of the replacement dwelling (\$1,100,000) does not exceed the full cash value of the original property as adjusted for inflation (\$1,111,396), then the original property's factored base year value of \$457,426, plus inflationary adjustments ($\$457,426 \times 1.01036$ [2021 inflation factor] = \$462,164), is transferred to the replacement dwelling. Thus, \$462,164 is the new base year value of the replacement dwelling.

Filing Requirements

To receive this base year value transfer under section 69.6, the claimant must file a claim with the County Assessor where the replacement dwelling is located within three years of the date the replacement dwelling is purchased or the new construction of the replacement dwelling is completed.¹⁴ There are three separate claim forms that can be filed, depending on the claimant's qualification:

- BOE-19-B, *Claim for Transfer of Base Year Value to Replacement Primary Residence for Persons at Least Age 55 Years*;
- BOE-19-D, *Claim for Transfer of Base Year Value to Replacement Primary Residence for Severely Disabled Persons*, and BOE-19-DC, *Certificate of Disability* (both forms must be filed together); or
- BOE-19-V, *Claim for Transfer of Base Year Value to Replacement Primary Residence for Victims of Wildfire or Other Natural Disaster*

The completed claim forms are confidential documents and not subject to public inspection. However, a completed claim form may be viewed by the following persons:¹⁵

- The claimant or the claimant's spouse,
- The legal representative of the claimant or the claimant's spouse,

¹³ See Letter To Assessors No. [2020/067](#), *2021-22 California Consumer Price Index*.

¹⁴ Section 69.6(c)(1).

¹⁵ Section 69.6(f).

- The trustee of a trust in which the claimant or the claimant's spouse is a present beneficiary, or
- The executor or administrator of the claimant's or the claimant's spouse's estate.

Once a claim is approved, the base year value is transferred as of the latest of the following event dates:¹⁶

- Date of sale of the original property,
- Date of purchase of the replacement dwelling, or
- Date of completion of new construction of the replacement dwelling.

If a claim is filed after the three-year period has ended and all qualifications are otherwise met, the base year value transfer may be granted commencing with the lien date of the assessment year¹⁷ (i.e., calendar year) in which the claim is filed. The base year value that is transferred is the original property's factored base year value just prior to the date of sale, plus any inflationary adjustments for the period between the date of sale and the replacement dwelling's date of purchase or completion of new construction.¹⁸

Disaster Relief

A homeowner whose principal place of residence is substantially damaged or destroyed and sold in its damaged state is eligible for the base year value transfer under section 69.6.¹⁹ The original property is "substantially damaged or destroyed" if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land's or the improvement's full cash value immediately before the wildfire or natural disaster.²⁰ This allows the land and the improvements to be treated as separate appraisal units in meeting the "substantially damaged or destroyed" threshold of more than 50 percent for purposes of qualifying for disaster relief under the section 69.6 base year value transfer provisions.

For purposes of the value comparison test, the full cash value of the substantially damaged or destroyed original property is determined immediately before the date of the disaster by the County Assessor where the property is located. Once a claim for a base year value transfer for a damaged or destroyed original property is approved, the base year value that is transferred is the original property's factored base year value immediately before the date of disaster, plus any inflationary adjustments for the period between the date of disaster and the replacement dwelling's date of purchase or completion of new construction.

Example 5: A principal place of residence (original property) was destroyed in 2018 by the Camp Fire. The factored base year value immediately before the disaster was \$86,439. A replacement dwelling was purchased on June 1, 2019. The full cash value of the replacement dwelling was \$300,000. The original property was sold in its damaged

¹⁶ Section 69.6(e)(1).

¹⁷ Section 118 provides that assessment year means the period between lien dates.

¹⁸ Section 69.6(c)(2).

¹⁹ Section 69.6(d)(8)(B).

²⁰ Section 69.6(d)(14).

state on April 8, 2021. The County Assessor determined that the full cash value of the original property immediately before the date of the disaster was \$275,000. A claim was filed on December 1, 2021.

The original property was sold in its damaged state, and the replacement dwelling was purchased within two years of the sale of the original property. Thus, the replacement dwelling qualifies for the base year value transfer. Because the replacement dwelling was purchased prior to the sale of the original property, the equal or lesser value test is 100 percent. Since the full cash value of the replacement dwelling exceeds 100 percent of the market value of the original property immediately before its destruction, the difference between the two full cash values must be calculated and added to the original property's factored base year value.

- Calculate difference in full cash values: $\$300,000 - \$275,000 = \$25,000$
- Add inflationary factoring for interim period:
 - 2019-20: $\$86,439 \times 1.02 = \$88,167$
 - 2020-21: $\$88,167 \times 1.02 = \$89,930$
 - 2021-22: $\$89,930 \times 1.01036 = \$90,861$
- Add difference to the factored base year value: $\$90,861 + \$25,000 = \$115,861$
- As of April 8, 2021, the new base year value of replacement dwelling is \$115,861.

However, had the substantially damaged or destroyed residence been repaired or reconstructed and its base year value restored under either section 70.5 or 170, then the property owner would no longer be considered a victim of a wildfire or natural disaster. Thus, if the property is sold *after* it is repaired or reconstructed, then the property owner must qualify under either age or disability requirements of the section 69.6 provisions in order to transfer their base year value, as they would no longer meet the requirements of a victim of a wildfire or natural disaster.

Additional Construction

When a claim has been timely filed and granted and new construction is performed upon the replacement dwelling after the transfer of the base year value, the value of the new construction may be included in the transferred base year value, as long as all of the following conditions are met:²¹

- The new construction is completed within two years of the date of the sale of the original property;
- The owner notifies the County Assessor in writing of completion of the new construction within six months after completion; and
- The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is of equal or lesser value (as adjusted by the "equal or lesser" value definition) than the full cash value of the original property, as determined for purposes of granting the original claim.

²¹ Section 69.6(e)(7).

If the fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is greater than the full cash value of the original property, the taxable value of the replacement dwelling should be calculated in the same manner as calculating the taxable value of a replacement dwelling when its full cash value is greater than the full cash value of the original property (see e.g., Example 2, above).

Example 6: Homeowner, who is severely and permanently disabled, sold a primary residence (original property) on September 19, 2021 for a full cash value of \$500,000. At the time of sale, the original property had a factored base year value of \$200,000. On October 7, 2021, a replacement dwelling with a full cash value of \$510,000 was purchased and the base year value transfer claim is approved.

Since the replacement dwelling was purchased within the first year after the sale of the original property, then 105 percent of the full cash value of the original property would be compared to the full cash value of the replacement dwelling. The original property's full cash value equals $\$500,000 \times 105\% = \$525,000$. Because the full cash value of the replacement dwelling (\$510,000) is of equal or lesser value than the adjusted full cash value of the original property (\$525,000), the base year value of the original property (\$200,000) becomes the base year value of the replacement dwelling.

In March 2022, new construction with a full cash value of \$40,000 is completed and property owner applies to have the new construction included in the original base year value claim. The Assessor adds the full cash value of the new construction (\$40,000) to the full cash value of the replacement dwelling when acquired (\$510,000), and compares that to the full cash value of the original property as adjusted for purposes of granting the claim (\$525,000). In addition, inflationary adjustments must also be added since a lien date occurred between the date of purchase of the replacement dwelling and the date of completion of new construction and the new construction was completed in the window period.²² Since \$550,000 ($\$510,000 + \$40,000$) is greater than \$525,000, the difference (excess) is added to the transferred base year value ($\$550,000 - \$525,000 = \$25,000 + \$200,000 \times 1.02$ [2022 inflation factor] = \$229,500). Thus, the replacement dwelling's total taxable value is \$229,500.

Replacement of Section 69.5 (Propositions 60/90/110)

SB 539, Section 1 contains a statement of legislative intent that the provisions of section 69.6 will replace the provisions of section 69.5 (Propositions 60/90/110). This section reads as follows:

The Legislature finds and declares that the Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act, while replacing existing base year value transfer provisions for seniors and the severely and permanently disabled as provided in Section 2 of Article XIII A of the California Constitution implemented by Section 69.5 of the Revenue and Taxation Code, enacted additional options for taxpayers to transfer the base year values of their principal residences substantially damaged or destroyed in a disaster, as declared by the Governor, and in no

²² Section 75.18.

way affected or repealed, impliedly or otherwise, options for these taxpayers authorized by Section 2 of Article XIII A of the California Constitution implemented by Sections 69, 69.3, and 70.5 of the Revenue and Taxation Code.

Thus, the base year value transfer provisions under section 69.6 replace the base year value transfer provisions under section 69.5 (Propositions 60/90/110) for persons who are over 55 or severely and permanently disabled.

Please note that the existing disaster relief provisions under sections 69 (Proposition 50, intracounty base year value transfer), 69.3 (Proposition 171, intercounty principal residence base year value transfer), and 70.5 (new construction located on same site)²³ are not affected by SB 539 and continue to provide alternate means of relief for victims of wildfire or natural disasters for which the Governor proclaimed a state of emergency.

Implementing Regulations

The State Board of Equalization (BOE) adopted Property Tax Rule [462.540](#), which went into effect on January 1, 2022. Section 69.6(g) also authorizes the BOE to adopt emergency regulations necessary to implement this section and article XIII A, section 2.1 of the California Constitution.

The above guidance applies to transactions to which Proposition 19 applies. A copy of new section 69.6 is enclosed. If you have any questions regarding these provisions, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:gs
Enclosure

²³ For further information on these disaster relief provisions, see Letters To Assessors Nos. [2021/026](#) and [2021/004](#).

Section 69.6 is added to the Revenue and Taxation Code to read:

69.6. Notwithstanding any other law, on and after April 1, 2021, the following shall apply:

(a) Pursuant to subdivision (b) of Section 2.1 of Article XIII A of the California Constitution, any person over 55 years of age, any severely and permanently disabled person, or a victim of wildfire or natural disaster who resides in property that is eligible for either the homeowners' exemption, under subdivision (k) of Section 3 of Article XIII of the California Constitution and Section 218, or the disabled veteran's exemption, under subdivision (a) of Section 4 of Article XIII of the California Constitution and Section 205, may transfer, subject to the conditions and limitations provided in this section, the taxable value of that property to any replacement dwelling that is purchased or newly constructed by that person as their principal residence within two years of the sale by that person of the original property, provided that the taxable value of the original property shall not be transferred to the replacement dwelling until the original property is sold. A person shall not be allowed to transfer the taxable value of a primary residence pursuant to this section more than three times as a claimant who is over 55 years of age or severely or permanently disabled.

(b) In addition to meeting the requirements of subdivision (a), any person claiming the property tax relief provided by this section shall be eligible for that relief only if the following conditions are met:

(1) The claimant is an owner and a resident of the original property either at the time of its sale or within two years of the purchase or new construction of the replacement dwelling.

(2) The original property is eligible for the homeowners' exemption or the disabled veteran's exemption, as the result of the claimant's ownership and occupation of the property as their principal residence, either at the time of its sale or within two years of the purchase or new construction of the replacement dwelling.

(3) At the time of the sale of the original property, the claimant is over 55 years of age, is severely and permanently disabled, or is a victim of wildfire or natural disaster.

(4) At the time of claiming the property tax relief provided by subdivision (a), the claimant is an owner of a replacement dwelling and occupies it as their principal place of residence and, as a result thereof, the property is currently eligible for the homeowners' exemption or the disabled veteran's exemption, or would be eligible for the exemption except that the property is already receiving the exemption because of an exemption claim filed by the previous owner.

(5) The claimant sells the original property within two years of the purchase or new construction of the replacement dwelling. For purposes of this paragraph:

(A) Either the sale of the original property or the purchase or new construction of the replacement dwelling, but not both, may occur before April 1, 2021.

(B) The purchase or new construction of the replacement dwelling includes the purchase of that portion of land on which the replacement building, structure, or other shelter constituting a place of abode of the claimant will be situated and that constitutes a part of the replacement dwelling.

(6) The claimant has not previously been granted, as a claimant who is over 55 years of age or severely and permanently disabled, the property tax relief provided by this section more than two times. This limitation shall not apply to claimants who are victims of wildfire or natural

disaster. In order to prevent more than three claims under this section within this state per person, each county assessor shall report quarterly to the State Board of Equalization that information from claims filed and from county records as is specified by the board to be necessary to identify fully all claims under this section allowed by assessors and all claimants who have thereby received relief. The board may specify that the information include all or a part of the names and social security numbers of claimants and the identity and location of the replacement dwelling to which the claim applies. The information may be required in the form of data processing media or other media and in a format that is compatible with the recordkeeping processes of the counties and the auditing procedures of the state.

(c) (1) To receive the property tax relief under this section, a claim shall be filed within three years of the date the replacement dwelling was purchased or the new construction of the replacement dwelling was completed.

(2) A claim for transfer of taxable value under this section that is filed after the expiration of the filing period set forth in paragraph (1) shall be considered by the assessor, subject to both of the following conditions:

(A) Any base year value transfer granted pursuant to that claim shall apply, commencing with the lien date of the assessment year in which the claim is filed.

(B) The full cash value of the replacement dwelling in the assessment year described in subparagraph (A) shall be the base year value of the real property in the assessment year in which the base year value was transferred, factored to the assessment year described in subparagraph (A) for all of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property that does not qualify for property tax relief pursuant to the criteria set forth in subparagraphs (A) and (B) of paragraph (7) of subdivision (e).

(d) For the purposes of this section, the following terms have the following meanings:

(1) "Person over 55 years of age" means any person who has attained the age of 55 years or older at the time of the sale of the original property.

(2) "Taxable value of the original property" means its base year value, as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of Section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date that the original property is sold by the claimant, or in the case where the original property has been substantially damaged or destroyed by wildfire or natural disaster and the owner does not rebuild on the original property, determined as of the date immediately before the wildfire or natural disaster.

(3) "Replacement dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as the claimant's principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of a replacement dwelling includes only that area of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each

unit of a multiunit dwelling shall be considered a separate replacement dwelling. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(4) "Original property" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as the claimant's principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of the original property includes only that area of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate original property. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(5) For purposes of this section, an original dwelling or replacement dwelling shall be not be considered a multiunit dwelling if: (A) there is a dwelling unit on the property, (B) the only other units on the real property are accessory dwelling units or junior accessory dwelling units, (C) any accessory dwelling units and junior accessory dwelling units are not separately alienable from the title of any other dwelling unit on the property, and (D) the claimant occupies one of the structures as their primary residence.

(6) For the purposes of this subdivision, except as otherwise provided in paragraph (7) of subdivision (e), if the replacement dwelling is, in part, purchased and, in part, newly constructed, the date the "replacement dwelling is purchased or newly constructed" is the date of purchase or the date of completion of construction, whichever is later.

(7) "Full cash value of the replacement dwelling" means its full cash value, determined in accordance with Section 110.1, as of the date on which it was purchased or new construction was completed, and after the purchase or the completion of new construction.

(8) "Full cash value of the original property" means either of the following, as applicable:

(A) Its new base year value, in accordance with Section 75.8, without the application of subdivision (c) of Section 2.1 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article XIII A and subdivision (f) of Section 110.1 for the period from the date of its sale by the claimant to the date on which the replacement dwelling was purchased or new construction was completed.

(B) In the case where the original property has been substantially damaged or destroyed by wildfire or natural disaster and the owner does not rebuild on the original property, its full cash value, as determined in accordance with Section 110, immediately before its substantial damage or destruction by wildfire or natural disaster, as determined by the assessor of the county in which the property is located, without the application of subdivision (c) of Section 2.1 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b)

of Section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, for the period from the date of its sale by the claimant to the date on which the replacement property was purchased or new construction was completed.

(9) "Sale" means any change in ownership of the original property for consideration.

(10) "Claimant" means any person claiming the property tax relief provided by this section.

(11) "Property that is eligible for the homeowners' exemption" includes property that is the principal place of residence of its owner and is entitled to exemption pursuant to Section 205.5.

(12) "Person" means any individual, but does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind. "Person" includes an individual who is the present beneficiary of a trust.

(13) "Equal or lesser value" means that the amount of the full cash value of a replacement dwelling does not exceed one of the following:

(A) One hundred percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed prior to the date of the sale of the original property.

(B) One hundred and five percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the first year following the date of the sale of the original property.

(C) One hundred and ten percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the second year following the date of the sale of the original property.

(14) For the purposes of this section, original property is "substantially damaged or destroyed by wildfire or natural disaster" if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land's or the improvement's full cash value immediately before the wildfire or natural disaster. Damage includes a diminution in the value of the original property as a result of restricted access caused by the wildfire or natural disaster.

(e) (1) Upon the timely filing of a claim described in paragraph (1) of subdivision (c), the assessor shall adjust the new base year value of the replacement dwelling in conformity with this section. This adjustment shall be made as of the latest of the following dates:

(A) The date the original property is sold.

(B) The date the replacement dwelling is purchased.

(C) The date the new construction of the replacement dwelling is completed.

(2) If the full cash value of the replacement dwelling is of equal or lesser value than that of the original property, the taxable value shall be deemed to be the taxable value of the original property.

(3) If the full cash value of the replacement dwelling is of greater value than the original property, the taxable value of the replacement dwelling shall be calculated by adding the difference between the full cash value of the original property and the full cash value of the replacement dwelling to the taxable value of the original property.

(4) If the replacement dwelling is purchased or newly constructed after the transfer of the original property, "taxable value of the original property" also includes any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the sale of the original property. The base year or years used to compute the "taxable value of the original property" shall be deemed to be the base year or years of any property to which that base year value is transferred pursuant to this section.

(5) Any taxes that were levied on the replacement dwelling prior to the filing of the claim on the basis of the replacement dwelling's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(6) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings acquired prior to the sale of the original property.

(7) In the case when a claim under this section has been timely filed and granted, and new construction is performed upon the replacement dwelling subsequent to the transfer of base year value, the property tax relief provided by this section also shall apply to the replacement dwelling, as improved, and thus there shall be no reassessment upon completion of the new construction if both of the following conditions are met:

(A) The new construction is completed within two years of the date of the sale of the original property and the owner notifies the assessor in writing of completion of the new construction within six months after completion.

(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (8) of subdivision (d) for purposes of granting the original claim.

(f) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the claimant or the claimant's spouse, the claimant's or the claimant's spouse's legal representative, the trustee of a trust in which the claimant or the claimant's spouse is a present beneficiary, and the executor or administrator of the claimant's or the claimant's spouse's estate.

(g) (1) After consultation with the California Assessors' Association, the Board of Equalization shall, by emergency regulation, adopt regulations and produce claim forms and instructions necessary to implement this section and Section 2.1 of Article XIII A of the California Constitution.

(2) Any emergency regulation prescribed, adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.