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No. 2022/012

February 24, 2022

TO COUNTY ASSESSORS:

IMPLEMENTATION OF PROPOSITION 19 INTERGENERATIONAL TRANSFER EXCLUSION

Effective September 30, 2021, [Senate Bill 539](#) (Stats. 2021, ch. 427) adds, among other things, [section 63.2](#) to the Revenue and Taxation Code (RTC) to implement the intergenerational transfer exclusion provisions that are contained in article XIII A, [section 2.1](#)(c), (d), and (e) of the California Constitution, which was added to the Constitution under Proposition 19 (approved by the voters in November 2020). These intergenerational transfer exclusion provisions became operative on February 16, 2021, repealing the former parent-child and grandparent-grandchild transfer exclusion provisions under RTC section 63.1 for all intergenerational transfers taking place on or after February 16, 2021.¹

RTC section 63.2 generally provides that in the case of a transfer of real property between parents and their children or, under limited circumstances, between grandparents and their grandchildren, the terms "purchased" and "change in ownership" do not include the purchase or transfer of a family farm or an eligible family home of the transferor. The term "purchase or transfer" includes voluntary purchases or transfers, transfers through the medium of an inter vivos or testamentary trust, or involuntary transfers resulting from a court order or judicial decree or by operation of law.²

RTC section 63.2(e)(8) provides "real property" means real property as defined in RTC section 104, which includes land; all mines, minerals, and quarries in the land; all standing timber; and improvements. Pursuant to RTC section 105, "improvements" includes all buildings, structures, fixtures, and fences erected on or affixed to the land; and all fruit, nut bearing, or ornamental trees and vines, not of natural growth, and not exempt from taxation, except date palms under eight years of age. For purposes of this exclusion, real property also includes any of the following:

- An interest in a unit or lot within a cooperative housing corporation, as defined in RTC section 61(i).
- A pro rata ownership interest in a mobilehome park, as defined in RTC section 62.1(b).
- A pro rata ownership in a floating home marina, as defined in RTC section 62.5(c).

¹ Article XIII A, section 2.1(d), of the California Constitution.

² RTC section 63.2(e)(9).

In addition, RTC section 63.2(e)(8) specifically states that real property does not include any interest in a legal entity.

Family Home

RTC section 63.2(a)(1) provides that a change in ownership does not include the purchase or transfer of real property between parents and their children or, under limited circumstances, between grandparents and their grandchildren that is the principal residence of the transferor (family home). The family home must become the principal residence of the transferee within one year of the date of purchase or transfer. Within that one-year period, the transferee must file for either the homeowners' or disabled veterans' exemption.³ The exclusion for a family home also applies to a subsequent eligible transferee, as long as the subsequent transferee establishes the home as a principal residence and files for either the homeowners' or disabled veterans' exemption within one year of the previous eligible transferee's move-out date.

RTC section 63.2(e)(5) defines a "family home" or "principal place of residence" as a dwelling that is eligible for a homeowners' exemption or a disabled veterans' exemption as a result of the transferor's ownership and occupation of the dwelling.

Area of Reasonable Size. A family home or principal residence includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.⁴ What size is considered reasonable is a question of fact to be determined by a County Assessor on a case-by-case basis.

Continual Use. Another requirement is that a family home must be continually used as a family home by an eligible transferee or subsequent eligible transferee in order to maintain the intergenerational transfer exclusion. If the family home becomes ineligible for the homeowners' or disabled veterans' exemption, the exclusion will be removed as of the date the eligible transferee or subsequent eligible transferee is no longer eligible for either exemption.⁵ The value to be enrolled as of the lien date following the date the exclusion no longer qualifies is the full cash value established as of the change in ownership date (new base year value), adjusted annually for inflation (factored) for the period between the date of change in ownership and the date of enrollment.⁶

Example 1: Parent transfers their principal residence to their child on March 1, 2021. On the date of transfer, the principal residence has a factored base year value of \$150,000 and a full cash value of \$800,000. The child meets all intergenerational transfer exclusion requirements, and the exclusion is applied. The factored base year value of \$150,000 does not change. On March 1, 2023, the child moves out of the principal residence and no longer qualifies for the exclusion. Thus, the exclusion is removed as of March 1, 2023, and the new base year value of \$800,000, established as of the initial change in

³ RTC section 63.2(a)(1)(A) and (B).

⁴ RTC section 63.2(e)(5).

⁵ RTC section 63.2(a)(1)(B).

⁶ RTC section 63.2(a)(1)(C).

ownership on March 1, 2021, is adjusted annually for inflation (factored), and enrolled as of the following lien date, January 1, 2024 lien date. Calculations are as follows:

- Lien Date 2022: $\$800,000 \times 1.02 = \$816,000$
- Lien Date 2023: $\$816,000 \times 1.02^7 = \$832,320$
- Lien Date 2024: $\$832,320 \times 1.02 = \$848,966$

Thus, the new factored base year value to be enrolled as of the January 1, 2024 lien date is \$848,966.

As previously stated, the enrollment of the new factored base year value will occur on the lien date following the move-out date, which is the date the transferee no longer qualifies for the exclusion. Since the move-out date is not considered to be an event that is either a change in ownership or completion of new construction, a supplemental assessment is not warranted, and, thus, the enrollment of the new factored base year value takes place as of the following lien date rather than as of the date the exclusion is no longer valid.

Family Farm

RTC section 63.2(a)(2) provides that a change in ownership does not include the purchase or transfer of a family farm between parents and their children or, under limited circumstances, between grandparents and their grandchildren.

RTC section 63.2(e)(4) defines a "family farm" as any real property that is under cultivation or being used for pasture or grazing or to produce any agricultural commodity. The term "agricultural commodity" is defined in Government Code (GC) section 51201 as any and all plant and animal products produced in California for commercial purposes.

The intergenerational transfer exclusion for a family farm applies separately to the transfer of each legal parcel that makes up a family farm. Each legal parcel that makes up a family farm is deemed to be itself a family farm, except for a legal parcel containing a family home.⁸ A legal parcel that is part of a family farm containing a family home may qualify separately for the exclusion for a family home.⁹

Value Cap

The transfer of a family home or each legal parcel of a family farm is also subject to a value cap that is the sum of the property's factored base year value plus \$1 million. If the full cash value on date of transfer exceeds the value cap, the amount above the value cap is added to the factored base year value, resulting in a new taxable value.

Example 2: Parent owned a principal residence and died on July 2, 2021. The parent's child inherited the principal residence. The child moved into the family home and filed for the homeowners' exemption and the intergenerational exclusion within one year of the

⁷ For purposes of this example, we are assuming an inflation rate of 2 percent for lien dates 2023 and 2024.

⁸ RTC section 63.2(a)(2).

⁹ RTC section 63.2(a)(2)(C).

date of the parent's death. As of the parent's date of death, the factored base year value was \$300,000 and had a full cash value of \$2 million. Thus, the home is subject to a value cap of \$1,300,000 (factored base year value of \$300,000 + \$1 million). The difference between the full cash value and the value cap is \$700,000 (\$2,000,000 - \$1,300,000). Thus, the new taxable value to be enrolled as of the parent's date of death is \$1,000,000 (\$300,000 + \$700,000).

A new taxable value is to be annually adjusted by an inflation factor, as provided in RTC section 51(a).¹⁰

Definition of Child

For purposes of this exclusion, "child" is defined as any of the following:¹¹

- Any child **born** of the parent or parents, except a child, who has been statutorily adopted by another person or persons.
- Any **stepchild** of the parent or parents and the spouse of that stepchild while the relationship of stepparent and stepchild exists. The relationship of stepparent and stepchild is deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.
- Any **in-law** child of the parent or parents. For the purposes of this paragraph, the relationship of parent and in-law child is deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving in-law child.
- Any child **adopted** by the parent or parents pursuant to statute, other than an individual adopted after reaching 18 years of age.
- Any **foster** child of a state-licensed foster parent, if that child was not, because of a legal barrier, adopted by the foster parent or foster parents before the child aged out of the foster care system. For purposes of this exclusion, the relationship between a foster child and foster parent is deemed to exist until terminated by death. However, for purposes of a transfer that occurs on the date of death, the relationship is deemed to exist on the date of death.

Definition of Grandchild

A "grandchild" is defined as a child of the child of the grandparent.¹² As stated previously, this intergenerational transfer exclusion also applies to a purchase or transfer of a family farm or a family home between grandparents and their grandchildren; however, the exclusion only applies in situations where all the parents of the grandchildren, who are children of the grandparent, are deceased as of the date of the transfer. The sole exception to this middle generation requirement

¹⁰ Property Tax Rule 462.520(c)(4).

¹¹ RTC section 63.2(e)(1).

¹² RTC section 63.2(e)(7).

is that a stepparent of the grandchild does not need to be deceased in order to qualify for the grandparent-grandchild transfer exclusion.¹³

Eligible Transferor and Transferee

An "eligible transferor" and "eligible transferee" have the same meaning and are defined as a grandparent, parent, child, or grandchild.¹⁴ This means that the exclusion applies to a parent-child transfer of real property in either direction: from a parent to their child or from a child to their parent. Similarly, under limited circumstances, the exclusion applies to a grandparent-grandchild transfer of real property in either direction: from a grandparent to their grandchild or from a grandchild to their grandparent.

Filing Requirements

In order to grant an exclusion from a change in ownership for a transfer of a family home, two claim forms must be filed with the Assessor of the county where the property is located. First, the transferee must file for the homeowners' or disabled veterans' exemption¹⁵ within one year of the date of purchase or transfer between parent and child or grandparent and grandchild.¹⁶ There are *no exceptions* to this one-year filing period. Second, the transferee must file for the appropriate intergenerational transfer exclusion.

For a transfer of a family farm, the transferee must only file for the appropriate intergenerational transfer exclusion with the Assessor of the county where the property is located.

Signature Requirements. The claim for the homeowners' exemption must be signed and filed by the owner-occupant of the family home. A claim for the disabled veterans' exemption must be signed and filed¹⁷ by any of the following persons:

- Disabled veteran or disabled veteran's spouse.
- Unmarried surviving spouse of a deceased disabled veteran.
- The executor, administrator, or personal legal representative of the claimant's estate.
- Trustee of the deceased claimant's trust assets.

For the intergenerational transfer exclusion, each transferor and one of the eligible transferees, if there are multiple transferees, must provide a written certification attesting as to the parent-child or grandparent-grandchild relationship.¹⁸ Effectively, this certification is accomplished by both parties signing the claim form.

¹³ RTC section 63.2(a)(1).

¹⁴ RTC section 63.2(e)(2) and (3).

¹⁵ BOE-266, *Claim for Homeowners' Property Tax Exemption*, or BOE-261-G, *Claim for Disabled Veterans' Property Tax Exemption*.

¹⁶ RTC section 63.2(b).

¹⁷ RTC section 277.

¹⁸ Property Tax Rule 462.520

The claim form for the intergenerational transfer exclusion may be filed and signed by any of the following persons:

- The transferor(s) and eligible transferee.
- The transferor's or eligible transferee's legal representative.
- The trustee of the transferor's or eligible transferee's trust.
- The executor or administrator of the transferor's or eligible transferee's estate.

A legal representative is a person who has been duly authorized and has been given appropriate power to file this type of claim. Attorneys, in general, do not have authorization to sign a claim form on behalf of their clients. Attorneys can sign only if they have been given the appropriate power to do so. For example, a mother's attorney (her legal representative) does not have the power to sign on behalf of the mother's child unless the child expressly gives that person the power to sign on the child's behalf.

If a transferor or transferee is unable to sign the claim due to incompetence or some other form of incapacity, it is generally accepted that duly appointed legal representatives, such as guardians or conservators, are entitled to perform every act that the individual for whom they are acting could have performed. Thus, if the transferee may file a claim and certify the relationship to the transferor, a duly appointed legal representative could do the same.

Under California law, a minor may own real property or an interest therein, but a minor may not convey or make contracts relating to real property. Therefore, a minor cannot sell or purchase property held directly in his or her own name, and, as a practical matter, transactions involving minor's interests in real property are usually conducted indirectly, through a guardianship or trust. The California Uniform Transfers to Minors Act provides a statutory mechanism for an adult "custodian" to hold, control, manage, and invest the custodial property for the benefit of a minor. In sum, the custodian has no beneficial interest in the property, but has powers akin to that of a trustee. Thus, for purposes of the intergenerational transfer exclusion, a minor child's custodian may file and/or sign a claim form on behalf of the minor child.

Intergenerational Transfer Exclusion Filing Period. Pursuant to RTC section 63.2(f), the BOE created new forms BOE-19-P, *Claim for Reassessment Exclusion for Transfer Between Parent and Child on or After February 16, 2021*, and BOE-19-G, *Claim for Reassessment Exclusion for Transfer From Grandparent to Grandchild Occurring on or After February 16, 2021*, for claiming eligibility for the intergenerational transfer exclusions.

An exclusion may be granted as of the date of purchase or transfer if the proper claim form is filed prior to the following dates:

- (1) Earlier of either:
 - Within three years after the date of purchase or transfer, or
 - Before a transfer to a third party.

- (2) No later than six months after the date of mailing of a notice of supplemental or escape assessment issued as a result of the purchase or transfer of real property for which the claim is filed.

If the notice of supplemental or escape assessment is mailed before the end of the first deadline (earlier of the three year period or third-party transfer), the transferee has until the latter of either the end of the first deadline or six months after the date of the notice of supplemental or escape assessment to file a timely claim.

If all deadlines have expired and the transferee still owns the property, the transferee may file a claim for exclusion and receive prospective relief only. Prospective relief applies to the lien date of the assessment year in which the claim is filed. The assessment year is the period between lien dates (that is, a calendar year).¹⁹

Please note that for a transfer of a family home, the exclusion may be applied prospectively only if a claim for the homeowners' or disabled veterans' exemption was timely filed (i.e., within one year of the date of purchase or transfer).

Example 3: A parent transferred a family home to a child in March 2021 and the child timely filed for the homeowners' exemption, but did not file for the intergenerational transfer exclusion. Thus, the Assessor reassessed the home for the March 2021 change in ownership. A claim for the intergenerational exclusion was later filed in November 2024. Thus, prospective relief for the intergenerational exclusion will be applied as of the January 1, 2024 lien date, in effect for the 2024-25 tax roll year.

Confidentiality. Claim forms associated with this exclusion are confidential and not subject to public inspection.²⁰ However, a claim may be viewed by the following persons:

- The transferee and the transferor or their respective spouse.
- The transferee's or transferor's legal representative.
- The trustee of the transferee's or transferor's trust.
- The executor or administrator of the transferee's or transferor's estate.

Filing Fees. RTC section 63.2(g) allows a county board of supervisors to authorize a one-time processing fee of no more than \$175, to recover costs incurred by the County Assessor due to the failure of an eligible transferee to file a claim for the intergenerational transfer exclusion after two written requests by the County Assessor.

The processing fee may be levied only if an eligible transferee was previously sent two notices by the County Assessor requesting that a claim be filed, to which the transferee did not timely respond. The provisions are:

¹⁹ RTC section 118 defines "assessment year" as the period between lien dates.

²⁰ Section 63.2(c).

- ***First Notice of Potential Eligibility.*** The County Assessor notified the transferee in writing of potential eligibility for the parent-child or grandparent-grandchild transfer exclusion requesting that a claim be filed within 45 days of the date of the *Notice of Potential Eligibility*.
- ***Second Notice of Potential Eligibility.*** If a claim was not filed within 45 days of the first *Notice of Potential Eligibility*, the County Assessor sent a second *Notice of Potential Eligibility* notifying the transferee that a claim was not received and that reassessment of the property will commence unless a claim for exclusion is filed within 60 days of the date of the second *Notice of Potential Eligibility*. The second notice must also indicate that if a claim is filed outside the 60-day period, then a processing fee may apply.

These 45- and 60-day filing periods are for the purpose of determining whether a processing fee is levied and do not supersede the three-year or third-party-transfer deadlines.

Implementing Regulations

The State Board of Equalization (BOE) adopted Property Tax Rule [462.520](#), which went into effect on January 1, 2022.²¹ In addition, RTC section 63.2(h) authorizes the BOE to adopt emergency regulations necessary to implement this section and article XIII A, section 2.1(c).

A copy of new RTC section 63.2 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

²¹ See Letter To Assessors No. [2021/054](#).

Section 63.2 is added to the Revenue and Taxation Code, to read:

63.2. (a) Notwithstanding any provision of this chapter, beginning on and after February 16, 2021, a change in ownership shall not include, in whole or in part, any of the following purchases or transfers for which a claim is filed:

(1) The purchase or transfer of real property that is the principal residence of an eligible transferor in the case of a purchase or transfer between parents and their children or between grandparents and their grandchildren, if all of the parents, other than stepparents, of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer.

(A) The transfer is required to be of a principal residence of the transferor, and become the principal residence of the transferee within one year of the transfer.

(B) The transferee shall file for the homeowners' or disabled veterans' exemption within a year of the transfer, and the exclusion shall be removed on the date an eligible transferee, or a subsequent eligible transferee who files for the homeowners' or disabled veterans' exemption within one year, is no longer eligible for either the homeowners' or disabled veterans' exemption.

(C) If applicable, as of the lien date immediately following the date the eligible transferee or subsequent eligible transferee no longer qualifies for the exclusion provided by this section, the base year value established as of the change in ownership date to which the exclusion applied, adjusted annually in accordance with paragraph (1) of subdivision (a) of Section 51, shall be enrolled.

(2) The purchase or transfer is of a family farm of an eligible transferor in the case of a purchase or transfer between parents and their children or between grandparents and their grandchildren, if all of the parents, other than stepparents, of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer.

(A) This exclusion shall apply separately to the transfer of each legal parcel that makes up a family farm.

(B) For purposes of this section, each legal parcel that makes up a family farm shall be deemed to itself be a family farm, except for a legal parcel containing a family home.

(C) A legal parcel containing a family home as described in subparagraph (B) may qualify separately for exclusion under paragraph (1).

(b) The exclusions provided for in this section shall not be allowed unless a claim for the exclusion sought, pursuant to subdivision (f), is filed with the assessor.

(c) 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 transferee and the transferor or their respective spouse, the transferee's legal representative, the transferor's legal representative, the trustee of the transferee's trust, the trustee of the transferor's trust, and the executor or administrator of the transferee's or transferor's estate.

(d) The new taxable value of the family home or family farm shall be the sum of both of the following:

(1) The taxable value of the family home or family farm 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 immediately prior to the date the principal residence or family farm is purchased or transferred to the transferee.

(2) The applicable of the following amounts:

(A) If the fair market value, as defined in subdivision (a) of Section 110, of the family home or family farm upon purchase by, or transfer to, the transferee is less than the sum of the taxable value described in paragraph (1) plus one million dollars (\$1,000,000), then zero dollars (\$0).

(B) If the fair market value, as defined in subdivision (a) of Section 110, of the family home or family farm upon purchase by, or transfer to, the transferee is equal to or more than the sum of the taxable value described in paragraph (1) plus one million dollars (\$1,000,000), an amount equal to the fair market value of the family home upon purchase by, or transfer to, the transferee, minus the sum of the taxable value described in paragraph (1) and one million dollars (\$1,000,000).

(e) As used in this section, the following terms have the following meanings:

(1) "Children" means any of the following:

(A) Any child born of the parent or parents, except a child, as defined in subparagraph (D), who has been adopted by another person or persons.

(B) Any stepchild of the parent or parents and the spouse of that stepchild while the relationship of stepparent and stepchild exists. For purposes of this paragraph, the relationship of stepparent and stepchild shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.

(C) Any son-in-law or daughter-in-law of the parent or parents. For the purposes of this paragraph, the relationship of parent and son-in-law or daughter-in-law shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving son-in-law or daughter-in-law.

(D) Any child adopted by the parent or parents pursuant to statute, other than an individual adopted after reaching 18 years of age.

(E) Any foster child of a state-licensed foster parent, if that child was not, because of a legal barrier, adopted by the foster parent or foster parents before the child aged out of the foster care system. For purposes of this paragraph, the relationship between a foster child and foster parent shall be deemed to exist until terminated by death. However, for purposes of a transfer that occurs on the date of death, the relationship shall be deemed to exist on the date of death.

(2) "Eligible transferee" means a parent, child, grandparent, or grandchild of an eligible transferor.

(3) "Eligible transferor" means a grandparent, parent, grandchild, or child of an eligible transferee.

(4) "Family farm" means any real property under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity, as that term is defined in Section 51201 of the Government Code as that section read on January 1, 2020.

(5) "Family home" or "principal place of residence" means a dwelling that is eligible for a homeowners' exemption or a disabled veterans' exemption as a result of the transferor's ownership and occupation of the dwelling. "Family home" or "principal residence" includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(6) "Full cash value" means full cash value, as defined in Section 2 of Article XIII A of the California Constitution and Section 110.1, with any adjustments authorized by those sections, and the full value of any new construction in progress, determined as of the date immediately prior to the date of a purchase by or transfer to an eligible transferee of real property subject to this section.

(7) "Grandchild" or "grandchildren" means any child or children of the child or children of the grandparent or grandparents.

(8) "Real property" means real property as defined in Section 104. Real property does not include any interest in a legal entity. For purposes of this section, real property includes any of the following:

(A) An interest in a unit or lot within a cooperative housing corporation, as defined in subdivision (i) of Section 61.

(B) A pro rata ownership interest in a mobilehome park, as defined in subdivision (b) of Section 62.1.

(C) A pro rata ownership in a floating home marina, as defined in subdivision (c) of Section 62.5.

(9) "Transfer" includes, and is not limited to, any transfer of the present beneficial ownership of property from an eligible transferor to an eligible transferee through the medium of an inter vivos or testamentary trust.

(f) (1) The State Board of Equalization shall prescribe, after consultation with the California Assessors' Association, a form for claiming eligibility. Except as provided in paragraph (2), any claim under this section shall be filed as follows:

(A) Within three years after the date of the purchase or transfer of real property for which the claim is filed, or prior to the transfer of the real property to a third party, or an eligible transferee no longer occupies the residence, whichever is earlier.

(B) Notwithstanding subparagraph (A), a claim shall be deemed to be timely filed if it is filed within six months after the date of mailing of a notice of supplemental or escape assessment, issued as a result of the purchase or transfer of real property for which the claim is filed.

(2) In the case in which the real property subject to purchase or transfer has not been transferred to a third party, a claim for exclusion under this section that is filed subsequent to the expiration of the filing periods set forth in paragraph (1) shall be considered by the assessor, subject to both of the following conditions:

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

(B) Under any exclusion granted pursuant to that claim, the adjusted full cash value of the subject real property in the assessment year described in subparagraph (A) shall be the adjusted base year value of the subject real property in the assessment year in which the excluded purchase or transfer took place, factored to the assessment year described in subparagraph (A) for both 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.

(g) (1) If the assessor notifies the transferee in writing of potential eligibility for exclusion from change in ownership under this section, a certified claim for exclusion shall be filed with the assessor within 45 days of the date of the notice of potential eligibility. If a certified claim for exclusion is not filed within 45 days, the assessor may send a second notice of potential eligibility for exclusion, notifying the transferee that a certified claim for exclusion has not been received and that reassessment of the property will commence unless a certified claim for exclusion is filed within 60 days of the date of the second notice of potential eligibility. The second notice of potential eligibility shall indicate whether a certified claim for exclusion that is not filed within 60 days will be subject to a processing fee as provided in paragraph (2).

(2) If a certified claim for exclusion is not filed within 60 days of the date of the second notice of potential eligibility and an eligible transferee subsequently files a claim and qualifies for the exclusion, the assessor may, upon authorization by a county board of supervisors, require an eligible transferee to pay a one-time processing fee, collected at the time the claim is submitted, and reimbursed by the assessor if the claim is ineligible. The fee shall be subject to the provisions of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code and shall not exceed the amount of the actual and reasonable costs incurred by the assessor for reassessment work done due to failure to file the claim for exclusion or one hundred seventy-five dollars (\$175), whichever is less.

(h) (1) After consultation with the California Assessors' Association, the board 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.