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No. 2024/044

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TO COUNTY ASSESSORS:

PROPOSITION 19 BASE YEAR VALUE TRANSFER FREQUENTLY ASKED QUESTIONS AND ANSWERS

On November 3, 2020, California voters approved Proposition 19, which, in part, added [section 2.1](#) to article XIII A of the California Constitution. Beginning April 1, 2021, section 2.1(b) provides that an owner of a primary residence who is over 55 years of age, severely disabled, or a victim of a wildfire or natural disaster (claimant) may transfer the base year value of their primary residence (original property) to a replacement primary residence (replacement dwelling) located anywhere in California that is purchased or newly constructed as that person's principal residence within two years of the sale of the original property. These provisions are implemented by Revenue and Taxation Code [section 69.6](#) (all statutory references are to the Revenue and Taxation Code, unless otherwise stated) and Property Tax [Rule 462.540](#) (Property Tax Rule or Rule refers to title 18 of the California Code of Regulations).

The base year value provisions under section 69.6 *replace* the former base year value transfer provisions under section 69.5 for persons who were at least 55 or physically and permanently disabled, commonly known as Propositions 60/90/110. However, the disaster base year value transfer provisions under section 69.6 are in addition to and do *not* replace either the intracounty disaster base year value transfer of section 69 (Proposition 50) or the intercounty disaster base year value transfer of section 69.3 (Proposition 171).

After summarizing the key elements of section 69.6, this letter provides answers to frequently asked questions regarding the base year value transfer provisions of Proposition 19.

SUMMARY OF SECTION 69.6

Section 69.6 allows a homeowner to transfer the factored base year value to a replacement dwelling if the following conditions are met:

- At least one transaction (either the sale of the original property, or the purchase or new construction of replacement dwelling) must occur on or after April 1, 2021.
- As of the date of sale of the original property, the claimant is at least 55 years of age, severely and permanently disabled, or a victim of wildfire or natural disaster. There is no age requirement for persons who are severely and permanently disabled or victims of wildfire or natural disaster.

- As a result of its sale, the original property must (1) be subject to reappraisal at its current full cash value; *or* (2) receive a base year value determined in accordance with section 69 (intracounty disaster relief), section 69.3 (intercounty disaster relief), or section 69.6 because the original property qualified as a replacement dwelling under one of those sections.¹
- The original property is eligible for the homeowners' exemption or the disabled veterans' exemption, as a result of the claimant's ownership and occupation of the property as their principal place of residence, as of one of the following dates:
 - At the time it was sold,
 - Within two years of the purchase or new construction of the replacement dwelling, or
 - Just prior to the date that the original property was substantially damaged or destroyed by wildfire or natural disaster.
- The replacement dwelling is purchased or newly constructed within two years of (before or after) the sale of the original property.
- The replacement dwelling must be eligible for the homeowners' or disabled veterans' exemption, as a result of the claimant's ownership and occupation of the dwelling as their principal place of residence, at the time the claim is filed.
- A claim must be filed with the County Assessor.

Filing Period

The claimant must file a claim for property tax relief under this section within three years of the date the replacement dwelling was purchased or the new construction of the replacement dwelling was completed. If all requirements are met, but a claim is filed after the three-year period, prospective relief is available beginning with the lien date of the assessment year² in which the claim is filed.

For example, if a claim is late filed in 2025, relief will apply as of lien date January 1, 2025 for the 2025-26 fiscal year. There will be no refund or cancellation of taxes for years prior to the year in which the claim is filed. However, if a claim is filed after the assessment roll has closed (July 1 to December 31), then that roll will need to be corrected, and taxes refunded or cancelled.

Value Comparison Test

In order to transfer a factored base year value **with no value adjustments**, the replacement dwelling must be of "equal or lesser" value. A replacement dwelling is of *equal or lesser value* if the full cash value of the replacement dwelling on the date of purchase or completion of new construction does not exceed:

¹ Rule 462.540(a)(3).

² "Assessment year" is defined in section 118 as the period between lien dates.

1. **100 percent** of the full cash value of the original property as of the date of sale, if the replacement dwelling is purchased or newly constructed *prior to* the date of sale of the original property,
2. **105 percent** of the full cash value of the original property as of the date of sale, if the replacement dwelling is purchased or newly constructed *within the first year* following the date of the sale of the original property, or
3. **110 percent** of the full cash value of the original property as of the date of sale, if the replacement dwelling is purchased or newly constructed *within the second year* following the date of the sale of the original property.

The "full cash value of the original property" includes any inflationary factoring that occurs between the sale of the original property and the purchase or new construction of the replacement dwelling. The "full cash value of the replacement dwelling" *does not* include any inflationary factoring.

If the full cash value of the replacement dwelling is ***greater than*** the full cash value of the original property as adjusted under the "equal or lesser" value test and including any applicable inflationary factoring, then the difference between the two full cash values is added to the transferred base year value.

Multiunit Dwelling

Generally, each unit of a multiunit dwelling shall be considered a separate primary residence. However, a single-family residence that has an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU) is not considered a multiunit dwelling if all the following are met:

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

Wildfire or Natural Disaster

If the original property was substantially damaged or destroyed by wildfire or natural disaster and sold in its damaged state, the full cash value is determined immediately prior to the wildfire or natural disaster. A "natural disaster" is a disaster for which the Governor proclaimed a state of emergency, such as fire, flood, drought, storm, mudslide, earthquake, civil disorder, foreign invasion, or volcanic eruption.³ A "wildfire" means an unplanned, unwanted wildland fire, including unauthorized human-caused fires, escaped wildland fire use events, escaped prescribed fire projects, and all other wildland fires where the objective is to extinguish the fire.⁴ Please note that a wildfire does not require a proclamation of a state of emergency.

³ Art. XIII A, section 2.1(e)(6).

⁴ Art. XIII A, section 2.1(e)(12) and Government Code section 51177(j).

"Substantially damaged or destroyed" means 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.

There is no adjustment for the full cash value of the original property for the period between the date of the disaster and the date of sale. However, the full cash value of the original property is subject to the inflationary adjustments for the equal or lesser value test if sold prior to the purchase or new construction of the replacement dwelling.

Limitation on Number of Base Year Value Transfers

Each person may utilize the base year value transfer under section 69.6 for age or disability a maximum of three times. Accordingly, a couple potentially can utilize the base year value transfer six times (three for each spouse). Please note that a disaster base year value transfer does not count towards a person's three-time limit.

We hope the enclosed questions and answers are helpful. If you have any questions regarding the implementation of section 69.6 and Rule 462.540, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:cs
Enclosure

Proposition 19 Base Year Value Transfer Questions and Answers

Claimant Qualifications

1. Will I qualify for Proposition 19 benefits if I was a few months shy of age 55 when my property sold, but over 55 when I purchased my replacement dwelling?

Answer: No, under the provisions of section 69.6, a claimant must be at least age 55 when their original property sells. While you may be age 54 when you purchase your replacement dwelling, you must be at least age 55 as of the date that original property sells.

2. My wife is 50, and I am 54. Can we purchase a replacement dwelling now and wait to sell our original property until after I turn 55? Do we both have to be at least age 55?

Answer: Under the provisions of section 69.6, a claimant must be at least age 55 when their original property is sold. The spouse who meets the age requirement is the one qualified to be the claimant. As long as the spouse who is at least age 55 is an owner of both the original property on its date of sale and the replacement dwelling on its date of purchase or new construction, then the spouse who is at least age 55 will qualify to transfer the base year value, as long as all other requirements have been met. The spouse who is under the age of 55 will not preclude the other from qualifying for the base year value transfer.

3. Husband and Wife are living in a home which Wife inherited from her mother. The home is Wife's sole and separate property. Husband and Wife wish to sell the property and transfer its base year value to a new property. Husband is 60 and Wife is 53. In order to transfer the base year value, does Husband have to be a claimant?

Answer: Since Wife is the sole owner of the property, Wife is the only person who can be the claimant. To qualify for the base year transfer, Wife must be at least 55 at the time of sale. Since Husband is not on title, his age does not matter.

4. Husband and Wife are living in a home that they purchased during their marriage, but Husband was not on title. Husband and Wife wish to sell the property and transfer its base year value to a new property. Husband is 60 and Wife is 53. In order to transfer the base year value, can Husband be the claimant?

Answer: Section 69.6(b) allows an owner to sell an original property and purchase a replacement dwelling. Property Tax Rule 462.200(b) provides a rebuttable presumption that the persons listed on a deed have ownership interests in the property. In this instance, Husband is not on the deed and is presumed to have no interest. To overcome this presumption, evidence must be presented to the Assessor. Evidence may include, but is not limited to, a written document executed prior to or at the time of conveyance or the monetary contribution of each party. Proof may also include declarations under penalty of perjury (or affidavits) accompanied by such written evidence as may reasonably be available such as written agreements, canceled checks, insurance policies, and tax returns. In this case, if the Assessor is persuaded that Husband is an owner of both the original property and the replacement dwelling, then Husband may be the person who transfers the base year value.

5. Who qualifies as an eligible disabled claimant?

Answer: The claimant must be severely and permanently disabled. Rule 462.540(c)(14) provides that "severely and permanently disabled" means any person described in section 74.3(b), which reads:

"... 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."

Proof of a severe and permanent disability is required under Rule 462.540(d)(1)(B). The proof must be in the form of a certification signed by a licensed physician or surgeon of appropriate specialty, attesting that the claimant is severely and permanently disabled.

6. Parents sold their home and purchased another residence that is more suited for their disabled child. Are the parents able to transfer their base year value because of their disabled child?

Answer: Under section 69.6(b), a claimant must own and occupy a principal residence and, as of the date of sale, must be at least age 55, severely and permanently disabled, or a victim of a wildfire or natural disaster. If the disabled child is not on title and a parent did not meet the qualifications, then the parent is unable to transfer the base year value.

Trust

7. My home is held in a trust in which I am the sole present beneficiary. Can I qualify for the base year value transfer if I sell my home and buy a replacement home that will also be held in trust? In other words, am I a qualified claimant if the transactions are made by me as trustee of the trust?

Answer: Yes, as long as the trustee is also the present beneficial owner. Under Property Tax Rule 462.540(c)(9), a "person" includes an individual who is the present beneficiary of a trust. Thus, you may qualify for the base year value transfer if you are the present beneficial owner of the trust assets, not simply the trustee of the trust. For property held in trust, the property owner considered to be the person who has the present beneficial interest of a trust (with the exception of a Massachusetts or business trust, which is regarded as a legal entity). While the trustee holds legal title to the trust property, a trustee does not have present beneficial ownership interest unless the trustee is also a named beneficiary of the trust.

Purchase

8. Can a single-family residence purchased by a legal entity qualify for relief under section 69.6?

Answer. Generally, no. In order to qualify the transaction must be completed by a person. However, there are two exceptions as explained as follows. Section 69.6(a) generally provides that a person who is over age 55, severely and permanently disabled, or a victim of a wildfire or natural disaster may sell an original property, purchase or newly construct a replacement

dwelling, and transfer a base year value. A *person* is defined in section 69.6(d)(12) as any individual, but does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind. The only exceptions are for (1) a lot or unit within a cooperative housing corporation, or (2) a manufactured home and a pro rata interest in a tenant-owned entity that owns the park in which the manufactured home is located.

9. Will the claimant in example 8 qualify if they subsequently transfer the replacement dwelling from the legal entity to the claimant?

Answer. Yes, but the transaction must be a purchase. "Purchase" is defined in section 67 as a change in ownership for consideration. This is a two-part test:

- A reassessable change in ownership under section 60, and
- Something of value exchanged for the real property

If the transfer of the single-family residence from the legal entity to the individual is a proportional transfer and excluded from reassessment under section 62(a)(2), then the first prong of a purchase is not met. Thus, the transfer of the replacement dwelling from the legal entity to the individual will not qualify for the base year value transfer. Conversely, if the transfer from the legal entity to the individual is a nonproportional transfer but the individual does not compensate the legal entity to receive the real property, then there is no consideration exchanged; thus, the transaction would not be considered a purchase because the second prong is not met.

10. A claimant inherited a 25 percent interest in a residence and purchased the other 75 percent from the claimant's siblings. Will the claimant qualify to transfer the base year value?

Answer: No. An interest in real property that is acquired by gift or devise will not qualify as a purchase because nothing of value was exchanged in order to receive the real property. Thus, the second prong of a purchase is not met.

11. Can a taxpayer sell an original property to the taxpayer's child, allow the child to claim the benefit of the intergenerational transfer exclusion and still qualify for the section 69.6 benefit when taxpayer purchases a replacement property?

Answer: No, to transfer a base year value, Rule 462.540(a)(3) clarifies that an original property must be subject to reappraisal at full cash value or result in a base year value determined in accordance with sections 69, 69.3, or 69.6 because the property qualifies as a replacement dwelling or property under any of those provisions. However, the intergenerational transfer exclusion is implemented by section 63.2. Under the section 63.2 exclusion, the property is not reassessed to current market value. Accordingly, if the Assessor grants an intergenerational exclusion claim for the transfer of the original property, then the base year value may not be transferred to a replacement dwelling.

Co-Ownership

12. My spouse and I are divorcing and selling our home. Will each of us qualify for the base year value transfer if we each buy separate replacement dwellings?

Answer: No, under Property Tax Rule 462.520(g), only one co-owner can receive the benefit. If both of you are eligible, you must decide between yourselves who will get the benefit. Only in the case of a multiple unit original property where several co-owners occupy separate units and qualify for separate exemptions may portions of the factored base year value of that property be transferred to several replacement dwellings.

13. Can two otherwise qualified, unrelated co-owners sell a single-family residence and ADU of which each person occupies a separate unit, each acquire a single-family replacement dwelling, and qualify for the base year value transfer?

Answer: No; a residence with an ADU is not considered a multiunit property for purposes of this base year value transfer. Thus, when the residence and ADU sell, only one eligible co-owner may transfer the base year value to a replacement dwelling.

14. Can two otherwise qualified, unrelated co-owners sell a duplex of which each person occupies one side, each acquire a single-family replacement dwelling, and still qualify?

Answer. Yes, pursuant to section 69.6(d)(3) and (4), each unit of a multi-unit dwelling is to be treated separately. In this situation, the value comparison must be made between their respective portions of the original property (each side of the duplex) and their respective replacement dwellings.

Original Property

15. Two years ago I inherited a residence from my mother. I filed for and received the parent-child exclusion. In a couple years after I turn age 55, can I sell this property and transfer my mother's base year value to another home that I purchase?

Answer: Yes, as long as you occupy the inherited residence as a principal place of residence. Once you are at least age 55, you may sell your original property, buy another principal residence, and transfer the taxable value (i.e., your mother's factored base year value) if all the other requirements (timing, value, residency, timely filed claim) are met. The law is silent regarding how you acquired your original property.

16. Do I need to be receiving the homeowners' exemption on my original property when it is sold?

Answer: No, the original property must merely be eligible for the homeowners' or disabled veterans' exemption based on ownership and occupation as a principal residence. To qualify, the original property must be your principal place of residence as of one of the following:

- At the time of its sale,
- Within two years of the purchase or new construction of the replacement dwelling, or
- Just prior to the substantial damage or destruction by wildfire or natural disaster.

If you did not have the homeowners' or disabled veterans' exemption on your original property, you may need to provide documents to the Assessor that proves the property was your principal place of residence. Proof of residency may include voter registration, vehicle registration, bank accounts, or income tax records.

17. Taxpayer sold a property that was restricted by a Williamson Act contract. The sold property included a home. Can taxpayer transfer the base year value from the property under contract?

Answer. The taxpayer may transfer the base year value from the home and its homesite, assuming that this was their principal place of residence. Open space land that is enforceably restricted by a Williamson Act contract is assessed under article XIII, section 8, of the California Constitution, and sections 421 et seq. These special valuation provisions do not apply, however, to a residence or land of reasonable size that is used as a site for the residence. Instead, a residence and its underlying land are assessed as other residential property under article XIII A (Proposition 13) and is, thus, eligible for the base year value transfer under section 69.6.

Similarly, property restricted by a historical property contract (Mills Act) is excluded from the provisions of article XIII A and instead is valued under article XIII as historical property. However, historical property retains its base year value, which acts as a control figure against which the annual restricted value is compared. Thus, if restricted historical property is sold, the residence and its land is eligible for the base year value transfer under section 69.6. In this situation, the factored base year value (not the restricted value) is the value that is transferred to the replacement dwelling. The historical property contract is transferred to the new owner, the property receives a new base year value, and is assessed at the lower of its restricted value or its factored base year value.

18. Taxpayer qualifies for and claims the intergenerational transfer exclusion pursuant to section 63.2. The Assessor establishes the new taxable value and the new base year value. Two years later the taxpayer sells the original property and purchases a replacement dwelling. Taxpayer meets all the qualifications for the base year value transfer under the provisions of section 69.6. Which value, the new taxable value adjusted for inflation or the base year value adjusted for inflation, would be utilized for the base year value transfer?

Answer: Section 69.6(a) refers to this base year value transfer as a "taxable value" transfer. Section 63.2(d) provides that the "taxable value" is the transferor's factored base year value plus any value that exceeds the applicable value cap.⁵

To determine the value to enroll for a base year value transfer subsequent to an intergenerational transfer exclusion, if the full cash value of the replacement dwelling is of equal or lesser value than the full cash value of the original property, the new base year value of the replacement dwelling shall be the new taxable value as determined for the intergenerational transfer exclusion of the original property adjusted annually for inflation. If the full cash value of the replacement dwelling is of greater value than the full cash value of the original property, the new base year value of the replacement dwelling shall be the difference between the full cash value of the replacement dwelling and the full cash value of the original property adjusted pursuant to section 69.6(d)(13), plus the new taxable value as determined for the intergenerational transfer exclusion of the original property adjusted annually for inflation.

⁵ For applicable value cap information, see Letter To Assessors No. [2022/013](#).

The date of the sale of the original property and the date of purchase or completion of new construction of the replacement dwelling are important when the original property is a family home for the purposes of the intergenerational transfer exclusion. If the eligible transferee moves out of the family home and sells more than a year later⁶, the eligible transferee will lose the new taxable value on the lien date following the move-out date. Consequently, the new base year value established as of the date of the parent-child transfer, plus factoring will be enrolled. If this occurs, the new base year value plus factoring will be utilized in the calculations for the subsequent base year value transfer.

Once the base year value transfer is granted, the eligible claimant is no longer required to continuously occupy the replacement dwelling. The requirement to enroll the new base year value on the lien date following the date an eligible transferee no longer qualifies for the homeowner's exemption, under the intergenerational transfer exclusion, is no longer applicable.

Replacement Dwelling

19. I purchased three units in a six-unit building and I intend to use all three as my principal place of residence. Can I transfer the base year value to all three units?

Answer: No. Under section 69.6(d)(3), each unit of a multi-unit dwelling is to be treated as a separate single-family dwelling. Thus, only one unit is eligible for the base value transfer value, regardless of how many units are used by the claimant. The transfer could be granted to all units only if physical construction is undertaken to convert multiple units into a single unit. This new construction must be completed within two years of the sale of the original property.

20. My replacement dwelling has a duplex and a detached accessory dwelling unit (ADU). Will the ADU be included as part of the base year transfer with the one unit of the duplex I occupy as my principal place of residence?

Answer: The definitions of "original property" and "replacement dwelling" in RTC section 69.6(d)(3) and (4) set the general provisions that each unit of a multiunit dwelling shall be considered a separate original property or replacement dwelling.

Section 69.6(d)(5) provides an exception to these general provisions and provides that an original property or replacement dwelling shall be not be considered a multiunit dwelling if all of the following are met: (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.

If there is a unit on the property that is not an ADU or JADU (i.e., a duplex or two single-family residences on a parcel), then the ADU/JADU exception does not apply. In other words, the duplex disqualifies the ADU/JADU from being treated as a single replacement unit.

⁶ Section 63.2(a)(1)(B)

21. How do I know if the additional residential structure on my replacement property is an accessory dwelling unit (ADU) or junior accessory dwelling unit (JADU)?

Answer: Rule 462.540 defines these terms by reference to the Government Code. However, effective March 25, 2024, SB 477 reorganized provisions of California law relating to ADUs and JADUs and moved the definitions to Government Code (GC) section 66313 (see LTA 2024/014).

GC [section 66313](#)(a) states that an ADU means " an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated." Section 66313(d) defines a JADU as "a unit that is no more than 500 square feet in size and contained entirely within a single-family residence." GC [section 66321](#) allows a local agency to establish minimum and maximum unit sizes for ADUs, so long as the agency does not put in place certain restrictions on the approval of ADUs. For square footage, this includes⁷:

(1) A minimum square footage requirement for either an attached or detached accessory dwelling unit that prohibits an efficiency unit.

(2) A maximum square footage requirement for either an attached or detached accessory dwelling unit that is less than either of the following:

(A) Eight hundred fifty square feet.

(B) One thousand square feet for an accessory dwelling unit that provides more than one bedroom.

Units that meet the requirements set forth are generally deemed ADUs or JADUs. However, the taxpayer should seek advisement from local agencies for any other restrictions and the Assessor's office in determining whether a unit is an ADU or JADU.

22. My partner and I each individually own homes. We intend to sell both of them and buy a property together as our primary residence. I have already sold my house and we are closing on a property as joint tenants. Can we combine the base year values from both our homes for the new property?

Answer: No, only one base year value may be transferred to the purchased property.

23. I plan to relocate from Los Angeles County to some other county in California. Under section 69.6, what counties accept intercounty transfers?

Answer: Under the Proposition 19 base year value transfer, a homeowner can transfer their base year value to a replacement dwelling located anywhere in California. The location does not matter as long as both the original property and the replacement dwelling are located in

⁷ Additional prohibitions are included in GC section [66321](#)

California. A base year value cannot be transferred to a replacement dwelling in California from an original property located in a different state.

24. I sold my home over a year ago, but construction on my new home has been delayed due to unforeseen circumstances beyond my control. Is there any extension of the two-year period to complete construction?

Answer: No. The two-year period to purchase or newly construct a replacement dwelling is part of the California Constitution. Regardless of the circumstances, if the new construction is not completed within two years of the sale of the original property, the newly constructed property will not qualify for the base year value transfer. There are no provisions for any exception due to hardship or other factors which may have prevented compliance with the two-year time period from the date of sale of the original property.

25. If a replacement home is newly constructed, what is the date of completion?

Answer: Under Property Tax Rule 463.500, the date of completion of a newly constructed replacement home is the date that the property has been inspected and approved for occupancy by the local building department, or, if there is no such inspection and approval procedure, the date when the prime contractor has fulfilled all the contractual obligations. If inspection and approval procedures are non-existent and there is no prime contractor, the date of completion is when outward appearances clearly indicate it is immediately usable for the purpose intended.

The construction on replacement dwelling must be completed within two years of the sale of the original property to qualify for Proposition 19 tax relief. The replacement lot may be purchased any time, but completion of the construction on the lot must occur within two years of the sale of the original property. In addition, the market value of the lot and newly constructed home on date of completion of construction must meet the equal or lesser value test.

26. If I make an improvement to my replacement dwelling after I transferred the base year value to it, can I get additional tax relief for the new construction?

Answer: Yes, so long as the following is met:

- The construction is completed within two years of the sale.
- The full cash value of the new construction plus the full cash value of the replacement dwelling on its date of purchase does not exceed the full cash value of the original property on its date of sale.
- You must notify the assessor in writing within 6 months after completion of the new construction.

27. Does a county have the authority to reallocate values between land and building for base values transferred in to more accurately reflect their relative values in the local market, or are we required to accept the established land and structure value allocations established by the county of origin?

Answer: Yes, under Revenue and Taxation Code section 51.5, upon transferring the base year value to the replacement dwelling, the base year value may be reallocated based on the land-improvement ratio of the replacement property's full cash value.

28. Can the base year value be transferred from a manufactured home to a replacement dwelling?

Answer. Yes, but only if the manufactured home is assessed on the local roll. "Original property" means a place of abode and the land on which it sits. If the manufactured home is not assessed on the local roll, then the original property is not eligible because a licensed manufactured home has no base year value to be transferred. In addition, an original property must be subject to reassessment under either section 110.1 or 5803, unless a base year value is being transferred to it under section 69, 69.3, or 69.6. A licensed manufactured home is not subject to reappraisal upon a change in ownership.

Filing Requirements

29. A claimant sold an original property last year, purchased a replacement dwelling, and applied for and received the base year value transfer. The claimant does not like where the replacement dwelling is located. May an Assessor allow the claimant to rescind a claim form?

Answer: Yes, even though there is no express statutory authorization for such action. Under the basic principles of tax law, the taxpayer has the right to elect whether to claim a tax benefit or not, and if the benefit is voluntary, the taxpayer is not forced to take it. In addition, if the change in ownership occurred more than four years prior to the rescission request, the Assessor can only issue escape assessments for four years under section 532, the statute of limitations period for escape assessments.

If the claimant chooses to rescind a claim, any subsequently purchased replacement dwelling must still occur within two years of the sale of the original property in order to qualify for this tax relief. Alternatively, because a claimant can utilize these base year value transfer provisions three times, the claimant may sell the replacement dwelling (now the second original property) and have two years from its sale to purchase a different replacement dwelling and transfer its base year value.

30. Can I still be granted the exclusion if I file after the three-year filing period?

Answer: Prospective relief is available if a claim is filed after the three-year filing period, assuming all qualifications were met. The claimant may receive the benefits commencing with the lien date of the assessment year in which the claim is filed. Retroactive benefits from the date of transfer will not be granted. The full cash value of the replacement dwelling in that assessment year shall be the base year value from the year in which the property was transferred, factored to the assessment year in which the claim is filed. The factored base year value of any new construction which occurred between the date of sale and the date the prospective relief is being applied should also be added.

Date of Base Year Value Transfer

31. I purchased a replacement dwelling in April 2021. My original property later sold in November 2022, and I filed a claim to transfer the base year value. Is the date of transfer the date I purchased the replacement dwelling?

Answer: Assuming you meet all the qualifications for a Proposition 19 base year value transfer, the base year value is transferred as of the ***latest*** qualifying date:

- The date the original property sold; or
- The date the replacement dwelling is purchased; or
- The date the new construction of the replacement dwelling is completed.

In your case, the base year value would be transferred as of November 2022 because that is the latest qualifying date. You will be responsible for property taxes based on the full fair market value of the replacement dwelling from the time the replacement dwelling was purchased until the original property was sold. There will be no refund for taxes paid for this period.

32. I purchased a replacement dwelling in April 2023. My original property sold in August 2023, and I filed a claim to transfer the base year value. Why didn't the 2023-24 property tax bill reflect my transferred base year value?

Answer: Assuming you meet all the qualifications for a Proposition 19 base year value transfer, the base year value is transferred as of the ***latest*** qualifying date:

- The date the original property sold; or
- The date the replacement dwelling is purchased; or
- The date the new construction of the replacement dwelling is completed.

A property tax bill reflects the assessment as of the lien date. In your case, the 2023-24 property tax bill would reflect the prior owner's assessment as that person was the owner of record as of lien date January 1, 2023. Once the Assessor processes your claim, refunds will be issued for any taxes paid in excess of your transferred base year value.

33. My home is in decline-in-value status. If I sell this home, purchase another within two years, and apply to transfer my taxable value, is the value on my tax bill the value that is transferred?

Answer: No, the value that is transferred is your factored base year value, not a temporary value due to a decline in value. Section 69.6(e)(2) defines "base year value of the original property" as its base year value, as determined in accordance with section 110.1, with the adjustments permitted by section 2(b) of article XIII A of the California Constitution *and* section 110.1(f), determined as of the date immediately prior to the date that the original property is sold by the claimant. Section 110.1(a) and (b) define when a "base year value" is established, and section 110.1(f) provides for factoring of the base year value. The fact that this definition references section 110.1 verifies that the base year value is to be transferred, not any other type of value.

Disaster

34. A home was destroyed by wildfire in August 2020. Immediately prior to the destruction, the full cash value of the home was \$650,000. In February 2022, the property sold for \$250,000

still in its damaged condition. The homeowner received \$300,000 in insurance proceeds for the loss of the residence. The homeowner purchased a replacement home for \$700,000 in January 2023. Will the new home qualify for property tax relief under section 69.6?

Answer. Yes, assuming that all the requirements are met. The new home will qualify if:

- The original property was the owner's principal residence when it was damaged;
- The original property sustained physical damage amounting to more than 50 percent of its full cash value immediately prior to the misfortune or calamity.

The base year value to be transferred is the original property's factored base year value just prior to the destruction plus inflationary factoring for the period between the destruction and the purchase of the replacement dwelling. To determine whether the replacement dwelling is of equal or lesser value, the Assessor will have to make a determination of full cash value of the original property just prior to the date of destruction by the wildfire. Because the replacement dwelling was purchased within the first year after the sale of the destroyed original property, the full cash value will be adjusted by 105 percent. There is no adjustment to the full cash value for the period between the date of disaster and the date of sale.

35. A home was destroyed by fire. Taxpayer rebuilt a new home on the land, but never lived in it. Taxpayer sold the new home and land and purchased another home as a replacement. Can the taxpayer transfer the base year value of the demolished property to the replacement dwelling?

Answer. No, the disaster relief provisions of section 69.6 do not apply to property that was rebuilt following damage or destruction, but rather to an original property that was sold in its damaged state. Since the taxpayer rebuilt the home, the taxpayer is not eligible to transfer the base year value from the damaged home. In addition, the newly constructed home does not qualify as an original property as the taxpayer never occupied it as a principal residence.

36. I am over 65 and I lost a home to the Tubbs fire in 2017 in Sonoma County. I subsequently rebuilt and sold that property in 2020. Prior to the completion and sale of that home I moved out of state but maintained a winter residence in California. I am now buying a new winter residence. Would Prop 19 be applicable only if I were a full time California resident?

Answer: Since you rebuilt your damaged or destroyed home, you are no longer considered a "victim" of a wildfire or natural disaster. However, you may be eligible to transfer the base year value if you are at least age 55 or severely and permanently disabled, as long as all the other requirements are met. One of the requirements of the base year value transfer is that the original property must be *eligible for* the homeowners' or disabled veterans' exemption either at the time of sale or within two years of the purchase of the replacement dwelling. "Eligible for" means that the homeowner must have owned and occupied the home as a principal residence. If the rebuilt property was *not* your principal residence, then you will not be able to transfer your base year value from this home, regardless of whether you are a full-time California resident.

37. I lost my home in the Coastal Fire in May 2022. The Governor did not proclaim a state of emergency for this wildfire. I am looking to purchase another home. If I sell my damaged lot, may I transfer my base year value to a replacement dwelling?

Answer: Yes, a wildfire does not require a proclamation of a state of emergency. As long as the destroyed home was your principal residence just prior to the wildfire, the lot is sold in its damaged state, and the replacement dwelling is purchased within two years of the sale of the lot, then you should qualify to transfer your base year value to a replacement dwelling.

Age/Disability Three-Time Limit to Transfer Base Year Value

38. I understand that I can transfer my base year value three times. How does this work?

Answer: The factored base year value of Claimant's original property is \$300,000. Claimant, who is severely and permanently disabled, sells their original property for \$550,000 on August 1, 2021. Claimant purchases a replacement dwelling for \$500,000 on August 15, 2021 (Property 2). Since the full cash value of Claimant's replacement dwelling (\$500,000) is less than the full cash value of the original property (\$550,000), the new base year value of the replacement dwelling is \$300,000.

On June 28, 2026, Claimant turns age 55. Claimant sells Property 2 (original property) for \$700,000 on July 2, 2026. At time of sale, factored base year value is \$331,223 (assuming annual inflationary adjustments of 2 percent). One month later, Claimant purchases a replacement dwelling for \$750,000 (Property 3). Since the full cash value of Claimant's replacement dwelling (\$750,000) is greater than 105 percent of the full cash value of the original property ($\$735,000 = \$700,000 \times 1.05$), the difference of \$15,000 ($\$750,000 - \$735,000$) will be added to the transferred base year value. The new taxable value will be \$346,223.

In September 2031, Claimant sells Property 3 for \$900,000 (original property). At time of sale, factored base year value is \$381,931 (assuming annual inflationary adjustments of 2 percent). Claimant purchases a replacement dwelling for \$850,000 on October 15, 2031 (Property 4). Since the full cash value of Claimant's replacement dwelling (\$850,000) is less than the full cash value of the original property (\$900,000), the new base year value of the replacement dwelling is \$381,931.

Appeals

39. My claim for the base year value transfer was denied. May I appeal the denial to the county assessment appeals board?

Answer: A county assessment appeals board has the authority to equalize values. A claimant who has been denied eligibility may appeal the assessment on the affected property under the equalization provisions of the Revenue and Taxation Code (sections 1601 et seq.). The application would state their opinion of the property's property taxable value based on the value that would have been enrolled had the property qualified for the base year value transfer. A property owner may appeal a base year value for the year in which that value is first enrolled on the assessment roll and the next three years. If the decision is favorable to the property owner, the appeals board's decision is prospective beginning with the year for which the appeal was filed.