



Replacement Dwelling Base Year Value Transfer

Stanislaus County Assessor's Office

One of the main reasons that California voters passed Proposition 13 was to protect themselves against escalating property taxes as the value of their property increased. By establishing a base year value that cannot go up by more than 2% a year, Proposition 13 keeps the owner's property tax increase at a manageable level, and unless there is a change of ownership or new construction the base year value will not change.

An unintended effect of Proposition 13 was to deter people from changing their residence as their family circumstances evolved. This was especially discouraging when the homeowner wanted to downsize without being affected by higher property tax payments.

To overcome this predicament Proposition 60, approved by California voters in 1986, allows the transfer of an existing Proposition 13 base year value from a former residence to a replacement residence for homeowners who are at least 55-years old if they meet these conditions.



Eligibility Requirements

- 1) Both the original property (former residence) and its replacement must be located in Stanislaus County.
- 2) You, or a spouse residing with you, must be at least 55 years of age when the original property is sold.
- 3) The original property must have been eligible for the Homeowners' Exemption or entitled to the Disabled Veterans' Exemption.
- 4) The replacement dwelling must be of equal or lesser value than the original property.
- 5) Without exception, the replacement dwelling must be purchased or newly constructed within two years (before or after) of the sale of the original property.
- 6) The original property must be subject to reappraisal at its current fair market value as the result of its transfer, in accordance with Sections 110.1 or 5803 of the Revenue and Taxation Code.
- 7) To receive retroactive relief from the date of transfer, you must file your claim within three years following the purchase date or new construction completion date of the replacement property.
- 8) If a claimant purchases land more than two years prior to the sale of the original property but completes construction of the replacement residence within two years of the sale of the original property, the base year value of the original property may be transferred to the land and the newly constructed residence, provided that the other statutory requirements are met.

Additional "On-Line" Information

<http://www.boe.ca.gov/proptaxes/faqs/reappraisal.htm>

<http://www.boe.ca.gov/proptaxes/2006.htm>
(see 2006/010 - Revenue and Taxation Code Section 69.5: Propositions 60, 90, and 110)

<http://www.boe.ca.gov/proptaxes/1988.htm>
(see 88/10 Questions and Answers – Propositions 58 and 60)

Frequently Asked Questions

Q: Is it true that only one claimant, out of several co-owners of a replacement dwelling, need be at least 55 as of the date of sale of an original property?

A: Yes, but the claimant must be an owner of record or the spouse of the owner of record. Either the claimant or their spouse must also have been an occupant of the original property and at least 55 years old on the date of sale.

Q: Can a taxpayer apply for and receive the benefit of Prop 60 more than once?

A: No. You are not eligible if you have been previously granted this benefit.

Q: What is meant by "equal or lesser value" than the original dwelling?

A: In general, "*equal or lesser value*" means:

100 percent of the market value of an original property if a replacement dwelling is purchased **before** the original property is sold.

105 percent of the market value of an original property if a replacement dwelling is purchased within **one year after** the sale of the original property.

110 percent of the market value of an original property if a replacement dwelling is purchased within **the second year after** the sale of the original property.

Q: Is the "*equal or lesser value*" test a simple comparison of the sales price of the original property and the purchase price or cost of new construction of the replacement dwelling?

A: No. The comparison must be made using the fair market value of the original property and the fair market value of the replacement dwelling as of its date of purchase or completion of new construction. This is important because sales prices are not always the same as market value. The Assessor must determine the market value for each property, which may differ from a sales price.

Q: If the current fair market value of my replacement dwelling slightly exceeds the fair market value of my original property, can I still receive a partial benefit?

A: No. Unless the replacement dwelling satisfies the "equal or lesser value" test, no benefit is available.

Q: May I give my original property to my child and still receive the Prop 60 benefit when I purchase a replacement property ?

A: No. The law provides that an original property must be sold for consideration and subject to reappraisal at fair market value at the time of sale. Original property transferred to a child or disposed of by gift or devise does not qualify.

Q: Is the Assessor prevented from issuing supplemental assessments when the factored base-year value is transferred from an original property to a replacement dwelling under Prop 60?

A: No. When the replacement dwelling is purchased or newly constructed, the Assessor is required by law to issue supplemental assessments (positive or negative) for all transactions that result in a base year value change, including those that qualify under Prop 60. (*Revenue and Taxation Code Section 75*).

Q: Can I qualify for the benefits of Prop 60 when I sell my original property (owned by me alone) and purchase a replacement dwelling with several co-owners? What if I own only a 10 percent interest in the replacement dwelling?

A: Yes. The base year value of your original property can be transferred to your replacement dwelling. As long as you are otherwise qualified, you may receive the benefits of Prop 60 regardless of how many co-owners of record there are on the replacement dwelling. However, you, along with all the other co-owner claimants, will never be able to qualify again since all of you will have received the one-time benefit provided under this proposition. In this situation, the total market value of the original property is compared to the total market value of the replacement dwelling property regardless of the fact that the qualified principal claimant may only own 10 percent of both original and replacement dwelling properties.

Q: Can two otherwise qualified taxpayers who have recently sold their separately owned original properties combine their claim for Prop 60 benefit when they buy a single replacement dwelling together?

A: No. They can only receive the benefit if one or the other, not both together, qualifies by comparing his or her original property to the jointly purchased replacement dwelling. The implementing legislation specifically disallows combining a claim, whether or not the co-owners of the replacement dwelling are married.

Q: May I, as a former co-owner of an original property, receive partial benefit on my replacement dwelling, along with other co-owners who purchase separate replacement dwellings?

A: No. The law provides that only one co-owner of an original property that is, or was, qualified for the Homeowners' Exemption may receive the benefit in a situation like this where all co-owners purchase separate replacement dwellings. The co-owners must determine, between themselves, which one should receive the benefit. Only in the case of a multiple-residential original property, where several co-owners qualify for separate Homeowners' Exemptions, may portions of the factored base year value of that property be transferred to several qualified replacement dwellings.

Q: What if I am the co-owner of a property with more than one residential unit?

A: A portion of the original property may qualify for the Homeowners' Exemption for you. The base year value of that portion can be transferred to your replacement dwelling. The other portion(s) of the original property may qualify for a separate Homeowners' Exemption(s). The base year value(s) of that other portion(s) can be transferred to another replacement dwelling(s).

Q: Does a person qualify for the Prop 60 benefit when he/she sells an original property, then buys a replacement dwelling within two years, but no longer qualifies for a Homeowners' Exemption on the original property that sold nearly two years before?

A: Yes. The statute requires that the original property be eligible for the Homeowners' Exemption at the time of sale. It is eligible if the claimant owns and occupies the property as his or her principal residence at the time of sale.

Q: I own property that includes both my principle place of residence and a rental. When the value comparisons are made to determine qualifications will the entire property be considered?

A: No. An adjustment to the original market value will be made for the rental property and that portion of the land used to support the second residence since it was not used by the claimant as their principle place of residence.

Q. If a replacement home is newly constructed, in whole or in part, what is the date of completion?

A. For the claimant to receive relief under section 69.5, the construction of the new residence must be completed within two years of the sale of the original property; the fair cash value of the land and the new structure must be determined as of the date of completion. The date of completion of new construction is the date upon which the property has been inspected and approved for occupancy by the local building department.

Q: If the transfer of my base year values to the replacement dwelling results in a supplemental assessment that is a **refund, do I still have to pay the existing annual roll tax bill on the replacement property or will that bill be adjusted to reflect the new, lower value?**

A: Unfortunately, you **must** pay the existing annual roll tax bill on your replacement property. That bill **cannot be adjusted or canceled** to reflect the Proposition 60 benefit. Additionally, you must pay that bill **before** any refund resulting from the Proposition 60 benefit will be sent to you.

However, after the existing bill has been paid, you will later receive a refund that will reflect the Proposition 60 benefit. In other words, when the entire process is complete, you will not have overpaid any taxes. This unfortunate and inconvenient aspect of the law is set forth in *Revenue & Taxation Code Section 75.43.c*.

Q: If I qualify to transfer my base year value to my replacement dwelling will my future tax bill be the same as my previous tax bill?

A: Property taxes are not the only tax reflected on a tax bill, therefore your future tax bill may not be the same as prior tax bills. For instance, if your replacement dwelling is located in an area that has Mello-Roos fees or other special district fees these will be added to the tax bill and the resulting total tax could be different than your prior tax bill.

The Assessor cannot approve any claim until all transactions have occurred and a full market value is established for each property.

How Do I File for Proposition 60 Tax Relief? Claim forms are available from several sources. Choose the most convenient for you.

- Online: Forms are available from the Assessor's website:
<http://www.co.stanislaus.ca.us/assessor/pdf/Reassessment55.pdf>
- Email: Send us an email to assessor@mail.co.stanislaus.ca.us.
- Phone: Call 209-525-6461
- Request claim form by mail or in person at our office at 1010 Tenth St., Ste. 2400, Modesto, CA 95354

What Form Do I Need?

Claim of Person(s) at Least 55 Years of Age for Transfer of Base Year Value to Replacement Dwelling (BOE-60) .