

# CA Property Tax Savings and Reappraisal Exclusions



**A PRELIMINARY CHANGE OF OWNERSHIP REPORT** must be filed with each conveyance in the County Recorder's office for the county where the property is located. The PCOR is a two-page questionnaire requesting transfer information on the property; possible exclusions from reassessment; principals involved in the transfer; type of transfer; purchase price and terms of sale, if applicable; and other such pertinent data.

There are several tax savings and exclusions from reappraisal that are triggered by the information provided on this form.



**PROP 60/90 55 AND OLDER** Propositions 60/90 amended section 2 of Article XIII A of the California Constitution to allow a person who is over age 55 to sell his or her principal place of residence and transfer its base year value to a replacement dwelling of equal or lesser value that is purchased or newly constructed within two years of the sale. These propositions are implemented by Revenue and Taxation [Code section 69.5.](#)

Proposition 60 allows for the transfers of a base year value within the same county (intracounty). Proposition 90 allows for the transfers of a base year value from one county to another county in California (intercounty) if the county has authorized such a transfer by an ordinance.

As of November 7, 2018, the following ten counties in California have an ordinance enabling the intercounty base year value transfer:

Alameda  
San Diego

Los Angeles  
San Mateo

Orange  
Santa Clara

Riverside  
Tuolumne

San Bernardino  
Ventura



## PROP 110-DISABLED PERSON

Proposition 110 is a constitutional initiative passed by California voters that provides property tax relief for severely and permanently disabled claimants when they sell an existing home and buy or build another.



## PROP 58/193 TRANSFERS BETWEEN PARENT AND CHILD

What are Propositions 58 and 193?

Proposition 58, effective November 6, 1986, is a constitutional amendment approved by the voters of California which excludes from reassessment transfers of real property between parents and children. Proposition 58 is codified by section 63.1 of the Revenue and Taxation Code.

Proposition 193, effective March 27, 1996, is a constitutional amendment approved by the voters of California which excludes from reassessment transfers of real property from grandparents to grandchildren, providing that all the parents of the grandchildren who qualify as children of the grandparents are deceased as of the date of transfer. Proposition 193 is also codified by section 63.1 of the Revenue and Taxation Code.

In the State of California, real property is reassessed at market value if it is sold or transferred and property taxes can sometimes increase dramatically as a result. However, if the sale or transfer is between parents and their children, or from grandparents to their grandchildren, under limited circumstances, the property will **not** be reassessed if certain conditions are met and the proper application is timely filed.

These propositions allow the new property owners to avoid property tax increases when acquiring property from their parents or children or from their grandparents. The new owner's taxes are calculated on the established Proposition 13 factored base year value, instead of the current market value when the property is acquired.



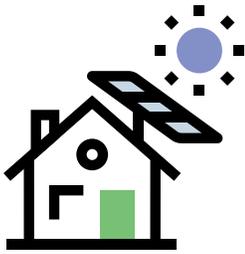
## PROP 8-DECLINE IN VALUE

In June 1978, California voters approved Proposition 13, the landmark property tax limitation initiative that added Article XIII A to the California Constitution.

Proposition 13:

- Rolled back most local real property assessments to 1975 market value levels;
- Limited the property tax rate to 1 percent plus the rate necessary to fund local voter-approved bonded indebtedness;
- In most cases, limited future property tax increases to a maximum of 2 percent per year. In November 1978, California voters passed Proposition 8, which amended Article XIII A to allow temporary reductions in assessed value in cases where real property suffers a *decline in value*. Proposition 8 is codified by [section 51\(a\)\(2\)](#) of the Revenue and Taxation Code.

A decline in value occurs in any year in which the current market value of real property is less than its adjusted *base year value* as of the lien date, January 1. A property's *base year value* is the market value of real property as established in 1975 or when the property last changed ownership or underwent new construction. The base year value is adjusted annually by lower of the percentage change in the consumer price index (CPI), or 2 percent. The adjusted base year value is also known as the *factored base year value*.



## ACTIVE SOLAR ENERGY EXCLUSION

The property tax incentive for the installation of an active solar energy system is in the form of a *new construction exclusion*. It is not an exemption. Therefore, the installation of a qualifying solar energy system will not result in either an increase or a decrease in the assessment of the existing property.

Generally, when something of value is physically added to real property, the addition is assessed at current market value and this value is added to the existing base year value of the real property. When an active solar energy system is installed, it is not assessed, meaning that the existing assessment will not increase.

Some active solar energy properties may be eligible for exclusion from reassessment.

Effective June 20, 2014, the sunset date for the active solar energy system new construction exclusion was extended through the 2023-24 fiscal year. The statute is now scheduled to sunset on January 1, 2025.

All information provided by <https://www.boe.ca.gov/proptaxes/faqs/faqspropindex.htm>

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