



Office of Tom J. Bordonaro, Jr., County Assessor

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Transfer of Base Year Value (Proposition 60)

Revenue and Taxation Code §69.5

Purpose

California law allows any person who is at least 55 years of age, or any severely and permanently disabled person, to transfer the base year value from their place of residence (original property) to a replacement property. This proposition was enacted to allow a person to downsize to a smaller residence. When a senior citizen or disabled person acquires a replacement property of value equal to or lesser than the value of the original property, he/she will continue to pay taxes on the same base year value.

Eligibility Requirements

- The claimant must be 55 years of age or older, or severely and permanently disabled, on the date the original property is sold.
- The original property must have been owned and occupied as the claimant's principal residence either at the time of sale or within *two* years of the date of the purchase or new construction of the replacement dwelling.
- The replacement property must be owned and occupied as the claimant's principal residence at the time the claim is filed.
- Both the original and replacement properties must be located in San Luis Obispo County. Our county does not accept transfers from other counties.
- Currently only the following counties will accept intercounty transfers: Alameda, Los Angeles, Orange, San Diego, Ventura, San Mateo and Santa Clara. **This information is subject to change. We advise you to contact the Assessor's office of the county you are considering moving to before taking any action.**
- The market value of the replacement residence must be equal to or less than the market value of the original property. The market value of the original property is determined on the date of its sale. The market value of the replacement property is determined on the date of its purchase and/or completion of new construction. **The Assessor's office cannot provide any guarantees that the base year value will be transferred prior to the recording of any documents or completion of new construction.**
- "Equal Or Lesser Value" means that the market value of a replacement dwelling may not exceed:
 - 100% of the market value of the original property if the replacement dwelling is purchased or newly constructed *prior* to the date of sale of the original property;
 - 105% of the market value of the original property if the replacement dwelling is purchased or newly constructed within the *first* year following the date of sale of the original property;

- 110% of the market value of the original property if the replacement dwelling is purchased or newly constructed within the *second* year following the date of sale of the original property.

Unless the replacement dwelling satisfies the “equal or lesser value” test, no benefit is available, not even a partial benefit.

- The original property of the claimant must be sold prior to making a claim for this exclusion.
- The replacement residence must be purchased or newly constructed within *two* years of the sale of the original property. Purchase includes the land on which the residence is situated. **There are no exceptions or time extensions for extenuating circumstances.**
- A qualifying claimant must submit a completed application within *three* years of the date the replacement residence was purchased or newly constructed.
- A claimant who is 55 years of age or older must submit a copy of his/her birth certificate or other proof of age, such as a driver’s license, passport, etc. in addition to the claim
or
A claimant who is severely and permanently disabled must submit both a claim and a Certificate of Disability form signed by a physician or surgeon of appropriate specialty.
- The transfer of the original property must be subject to reappraisal at its current fair market value or qualify as a replacement residence following a base year value transfer in accordance with this exclusion.
- This exclusion cannot be granted if the original residence is a licensed manufactured home.
- This is a one-time-only exclusion. The *only* exception is when a claimant was granted relief due to age, and then *subsequently* the claimant or claimant’s spouse becomes severely and permanently disabled.

Frequently Asked Questions

Disability

Q. Who qualifies as an eligible disabled claimant?

A. Either the owner or the owner’s spouse must be severely and permanently disabled. Severely and permanently disabled means 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.

Q. Can a person with a mental disability qualify for the benefit?

A. A person with a mental disability can qualify on the basis of age, but *not* disability.

Claimant

Q. Are spouses or other owners of record considered claimants?

A. A claimant is any person claiming the property tax relief. A claimant must be an owner or co-owner of the original property. A spouse of the claimant is also considered a claimant if the spouse is a record owner of the replacement dwelling. However, an owner of record of the replacement property who is not the claimant’s spouse is *not* considered a claimant.

Q. Are corporations or other legal entities eligible?

A. No, the exclusion does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind **except** that the claimant(s) may hold their residence in trust for themselves.

Co-Owners – Sale of Single-Family Residence

Q. Can two qualified co-owners sell a single-family residence and each qualify for the exclusion when each acquires a replacement dwelling?

A. No. Only one owner, including owners who were spouses, can receive the benefit of this exclusion.

Co-Owners - Sale of Duplex

Q. 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?

A. Yes, but the value comparison must be made between their respective portions of the original property (each side of the duplex) and their respective replacement dwellings. Each unit of a multi-unit dwelling is to be treated separately.

Claims

Q. Is this exclusion automatic?

A. No. A claim form must be timely filed with the Assessor's office.

Appealing Denial of Claim

Q. If the Assessor denies a claim, can it be appealed?

A. Yes, if filed timely. However, we suggest that you contact the Assessor's office to discuss your situation and the appeals process.

New Construction

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

A. 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 new construction is completed on an existing replacement dwelling (such as a room, garage or pool) after the filing and granting of a claim for base year value transfer, will the new construction be excluded from reappraisal?

A. The benefit may be extended to new construction completed after the filing and granting of a claim for a base year value transfer, as long as all of the following conditions are met:

- The new construction is completed within *two* years of the date of sale of the original property;
- The owner notifies the Assessor in writing within 30 days after completion of the new construction (i.e. files an additional claim); and
- The full cash value of the new construction on the date of completion plus the full cash value of the replacement dwelling on the date of acquisition is not more than the adjusted new base year value of the original property (i.e. the base year value at the time of sale factored forward to the date the new construction is completed) determined when the claim was granted. Under these circumstances, the "equal or lesser value" time adjustments are not applied.

This does not apply to a situation where a replacement dwelling is purchased and the base year value transferred, then subsequently the home is demolished and a new home is built in its place.

Q. If a lot is purchased and a home constructed, must the new construction be completed within two years of the purchase of the lot?

A. No. The replacement land may be purchased any time before the sale of the original property, but completion of new construction of the residence must occur within *two* years of the sale of the original property.

Original Property

Manufactured Home

Q. Can the base year value be transferred from a manufactured home to a replacement property?

A. Yes, but only if the manufactured home is assessed on the local property tax roll (i.e. does not pay license fees to either Housing & Community Development (HCD) or the Department of Motor Vehicles (DMV). For additional information, see the Assessor's "Facts About Manufactured Home Property Tax" pamphlet.

Qualifying Land

Q. What is meant by "area of reasonable size" as it applies to either the original property or the replacement dwelling?

A. An "area of reasonable size" that is used as a site for a residence includes all land within the parcel provided that any nonresidential uses of the property are merely incidental to the use of the property as a residential site. Commercial and agricultural uses are *not* incidental to the use as a residential site.

Williamson Act

Q. A taxpayer sold his residence, which was located on a property that was restricted by a Williamson Act contract. Can the taxpayer transfer the base year value?

A. Yes. See question above regarding "*Qualifying Land*."

Principal Place of Residence

Q. Must a taxpayer be receiving the benefit of a homeowner's exemption on the original property when it is sold?

A. No. The original property must be *eligible* for the homeowner's exemption as a result of the claimant's ownership and occupation of the property as his or her principal residence, either at the time of its sale or within *two* years of the purchase or new construction of the replacement dwelling. *Proof of residency may include vehicle registration, voter registration, bank accounts, or income tax records.*

Replacement Property

Manufactured Home

Q. Can the base year value of a single-family residence be transferred to a licensed manufactured home and lot ("licensed" means paying license fees to either HCD or DMV)?

A. Yes. However, only the land on which the licensed manufactured home is located, along with any miscellaneous improvements taxed as real property, may benefit by the transfer.

Contiguous Parcels

Q. Can an original property or a replacement property consist of two contiguous parcels?

A. Yes, but only if both parcels comprise a single appraisal unit. For example, if a residence straddles the parcel line or the house is on one parcel and the garage on the adjoining parcel.

Sale/Purchase

Consideration

Q. Will the transfer of an original property or acquisition of a replacement dwelling by gift or devise qualify for this exclusion?

A. No.

Parent-Child Exclusion

Q. Can a claimant sell an original property to his/her child, allow the child to then claim the benefit of the parent/child exclusion and still qualify for the benefit of proposition 60 when the claimant purchases a replacement property?

A. No. Both exclusions cannot be claimed.

Co-Owners - Partial Interest Sale of Original Property

Q. Can a taxpayer who owns a 50% interest in a single-family residence sell that interest, purchase a separate residence and transfer his/her portion of the base year value?

A. No. This benefit does not contemplate transfers of partial interests. In order to qualify, the entire property would need to be sold.

Co-Owners - Partial Interest Purchase

Q. Can a taxpayer, who is the sole owner of the original property, purchase a replacement property together with another person(s) and transfer the base year value?

A. Yes. If the replacement property consists of a single dwelling unit, the total full cash value of the original property is compared with the total full cash value of the replacement dwelling regardless of the fact that the qualified claimant owns only a fractional interest in the replacement dwelling. Additionally, if the replacement property consists of two or more dwelling units, the original owner may be eligible to transfer his base year value to the living unit he will occupy and that living unit would be the basis for the comparison. If the owner qualifies under this scenario, the remainder of the property will be valued at full market value.

Timing

Q. If all requirements are met, on what date is the base year value transferred?

A. A base year value qualifies to be transferred effective on the latest of the following events (assuming all other requirements are satisfied):

- the date the original property is sold
- the date the replacement dwelling is purchased
- the date the new construction of the replacement dwelling is completed

Value Comparison

Q. When trying to determine if a replacement property is of "equal or lesser value," is a simple comparison of the sales price of the original property and the purchase price of the replacement dwelling all that is needed?

A. No. The full cash value of the original property as of the date of sale must be compared with the full cash value of the replacement dwelling as of its date of purchase or completion of new construction. (The sales price may or may not equal the full cash value.)

Q. If land is owned or purchased and a new home is constructed as a replacement property, what value is used for comparison?

A. The Assessor must determine the total market value of both the land and improvements as of the date of completion of the new construction.

Q. If the total market value of the replacement dwelling does not satisfy the "equal or lesser value" test, can a claimant receive partial benefit?

A. No. Unless the entire replacement dwelling satisfies the "equal or lesser" value test, no benefit is available - *not even a partial benefit.*

Sale and Purchase on Same Day

Q. If deeds for the sale of the original property and the purchase of the replacement dwelling both record on the same day, what is the threshold that the full cash value of the replacement dwelling must meet?

A. The full cash value of replacement property must meet the 100% or less standard. The 105% provision requires that the replacement property be purchased within the first year following the date of the sale of the original property and within the second year for the 110% provision.

Multiple Living Units

Q. If an original property consists of multiple living units, what values are compared to determine qualifications? What value would be transferred to the replacement property?

A. If an original property includes one or more living units, other than the principal residence of the claimant, the Assessor will allocate value between the claimant's residence and the separate living units. If the original property was owned by two or more individuals and each lived in a separate living unit, then each would be eligible to transfer their base year value to a replacement property. The value transferred to the replacement property would exclude any value associated with living units other than the claimant's residence.

Property Tax

Q. Will the property taxes be the same as they were on the original residence?

A. Not necessarily. The taxes may be higher or lower depending on the tax rates and/or special assessments that vary throughout the county.

Q. If the base year value is transferred, will there be supplemental bills?

A. Yes. The Assessor is required by law to issue supplemental bills (positive or negative) for all transactions.

Q. If the base year value results in a supplemental assessment that is a refund, do I still have to pay the existing current tax bill for the replacement property or will that bill be adjusted?

A. Yes, you should always pay your tax bill. However, you may later receive a refund.

For more information regarding your property taxes, contact the SLO County Tax Collector, 1055 Monterey St., Ste. D290, SLO, CA 93408, (805) 781-5830, www.slocounty.ca.gov.

For more information regarding base year value transfer exclusions, please visit the Board of Equalization's website at <http://www.boe.ca.gov>.

This information is a synopsis of the base year value transfer exclusion for seniors and severely and permanently disabled persons. The information reflects California assessment/taxation laws in effect November 1, 2006.

How do I file for the Proposition 60?

Claim forms are available from several sources:

- Online: The Assessor's website at www.slocounty.ca.gov/Assessor.
- Email: assessor@co.slo.ca.us
- Phone: (805) 781-5643
- By mail or in person at our office located at:
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County Government Center
1055 Monterey Street, Ste. 360D, SLO, CA 93408
- In person at our office located at:
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