

**PROPOSITION 58, 60, 90 AND 110
SUMMARY OF BENEFITS AND ELIGIBILITY REQUIREMENTS**

PROPOSITIONS 60/90/110: TRANSFERS OF BASE-YEAR VALUE

(R&T SECTION 69.5) Prop. 60

(R&T Section 69.5) Prop. 90

(R&T Section 74.3) Prop. 110

INTRODUCTION

The property tax relief allowing the transfer of a base year value to a replacement residence for owners over 55 (Proposition 60) was effective November 5, 1986; the inter-county version of this law (Proposition 90 became effective in Orange County November 9, 1988; while property tax relief for those severely and permanently disabled (Proposition 110) was effective June 6, 1990. Legislation implementing all of the provisions of these constitutional amendments is found in Revenue and Taxation Code, Section 69.5.

ELIGIBILITY REQUIREMENTS

- **55 Years or Severely and Permanently Disabled:** Claimant (or spouse) must be at least age fifty-five), or severely and permanently disabled, at the time the original residence is sold.
- **2 Years:** The replacement property must be purchased or newly constructed within two (2) years of the sale of the original property and must be purchased on or after November 5, 1986 (if both properties are located in Orange County); November 9, 1988 (if the former residence is in another county); or June 6, 1990 (where the claimant is severely and permanently disabled).
- **Equal or Lesser:** The full cash value of the original property is compared to the market value of the replacement property. If the replacement property is purchased before the original property is sold or escrows on both properties close concurrently, the replacement property must be of equal or lesser value than the original property. This is a strict standard. If the replacement is purchased or newly constructed up to a year after the original is sold, 105% of the original property's full cash value is allowed. If the replacement is purchased or newly constructed in the second year after the original is sold, 110% of the original property's value is allowed.
- **Full Cash Value:** For Proposition 60, the full cash values of an original and replacement are both determined by the Assessor from sales and purchase data obtained. Once the full cash value has been determined for both properties, the Assessor applies the "equal or lesser" comparison test to determine eligibility. Under Proposition 90, the Assessor determines the full cash value for the replacement property but is required to accept the former county Assessor's determination of value on the original property.

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- **Residency Requirements:** Claimant must reside in the original residence eligible for the homeowner's exemption either at the time of its sale or within two (2) years of purchasing a replacement property. The replacement property must be occupied as the owner's principal place of residence.
- **Interim Residence:** A claimant may purchase, live in, obtain a homeowners' exemption on one property and then buy another property to be claimed as his or her replacement and still qualify for Proposition 60 or 90 benefits, provided he or she is otherwise qualified and has never applied for, nor received the benefits of, this section for the interim property.
- **Co-Ownership/Spouses:** Effective September 30, 1990, a co-owner of a replacement residence is permitted to transfer a base-year value to a separate replacement residence purchased in the future, provided this co-owner did not previously jointly apply as a "claimant." Also, effective September 30, 1990, only the spouse who files an application is considered the "claimant." Therefore, a claimant's spouse is permitted to transfer the base-year value of a different original residence to a separate replacement residence, as long as the spouse did not jointly apply with the claimant and is not the co-owner of the replacement residence. Please note, however, that in the case of co-owners and spouses, the base year of any original residence is only allowed to be transferred once to a replacement residence.
- **Filing Requirements:** Claimant must file a written application for relief within three (3) years from the replacement's purchase or completion of new construction. "Claim of Person(s) at Least 55 Years of Age for the Transfer of Base-Year Value to Replacement" (Propositions 60/90) or a "Disabled Persons Claim for Transfer of Base-Year Value to Replacement Dwelling" (Proposition 110) are available at the Assessor's Office. These applications provide essential information for both the original and replacement properties, and declare that claimant was the principal resident of the original residence and is the principal resident of the replacement residence. In addition, a severely and permanently disabled person must also file with the Assessor a "**Certificate of Disability**," which has been completed and signed by a licensed physician. .
- **Implementation:** For qualified transactions, the base-year value of the former residence, once adjusted by the annual inflationary factor, is then transferred and enrolled as the new base-year value of the replacement residence. However, the tax bill amount will depend on the tax rate applied to the new residence. If the replacement property is in an area with more bond indebtedness or special assessments, the tax bill could be higher than that on the original property.

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NEW CONSTRUCTION

Total New Construction Of Replacement Residence

If otherwise qualified, full benefits for a replacement residence newly-constructed on a vacant lot will be granted provided the vacant lot was purchased on or after November 5, 1986 (Proposition 60), November 9, 1988 (Proposition 90), or June 6, 1990 (Proposition 110). The new construction must also have been completed after these dates. Both events (purchase of vacant lot and completion of new construction) must take place within two (2) years of the original residence's sales date.

Additions To Replacement Residence

When a claimant completes new construction on a replacement residence, the full value of the new improvements is added to the purchase price of the replacement residence. When a claimant files for a Proposition 60 or 90 transfer of base-year value, the new total full cash value of the replacement residence (purchase plus improvements) is then compared to the original residence's full cash value for qualification purposes. If the "equal or lesser" comparison test is satisfied, the adjusted base-year value of the original residence is transferred and becomes the replacement residence's new base-year value. This has the effect of excluding the completed new construction from reassessment.

Furthermore, new construction on the replacement residence that is completed after the original residence's base-year value has transferred may also be excluded from reassessment if:

- The new construction is completed within two (2) years of the date the original residence sold,
- The full cash value of the new construction, when added to the purchase price of the replacement residence is equal to or less than the full cash value of the original residence, and
- Within thirty (30) days after completion of the new construction, the owner must notify the Assessor, in writing and files a claim for exclusion.

1996 AMENDMENT OF ONCE-IN-A-LIFETIME TRANSFER BENEFIT

For transfers occurring on or after September 27, 1996, a claimant who has previously received relief under Proposition 60 or 90, and who then becomes severely and permanently disabled, is permitted to receive a second base-year value transfer under Proposition 110 relief. However, this relief is not available to a claimant in the reverse situation, i.e., a claimant that files and receives a base-year transfer under Proposition 110, is no longer eligible for Proposition 60 or 90.

For more information on propositions or to discuss a particular situation, please contact the Orange County Assessor's Office for more information at (714) 834-2727.