



Property Tax Savings: Family Transfers

November 2021

On November 3, 2020, California voters approved **Proposition 19** changing tax savings programs for families and seniors. This Fact Sheet provides information on how to transfer your Prop 13 tax base to family members. Effective date: February 16, 2021.

PARENT <-> CHILDREN TRANSFERS

Transfers of a Family Home between parents and their children, and grandparents and their grandchildren, may avoid a reassessment to market value if certain conditions are met.



ELIGIBILITY CHECKLIST

✓ Eligible Child

- Biological child
- Stepchild
- Foster child
- Child adopted before the age of 18
- Son-in-law or daughter-in-law
- Spouse of eligible child until divorce, or remarriage of the surviving spouse if the marriage was terminated by death.

✓ Eligible Transfer

- A sale, a gift, an inheritance, or transfer via trust

✓ Eligible Property

- Family Home aka principal residence of the transferor. The recipient of the family home

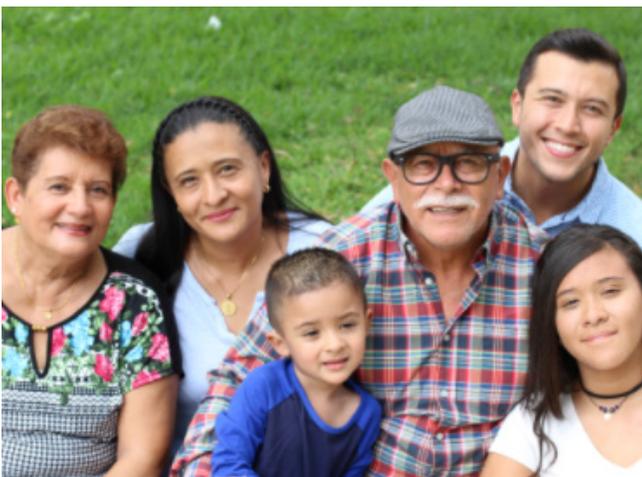
must live in the home and claim principal residence for the benefit to apply.

- All other properties such as vacation homes, or income-producing properties are not eligible.

✓ Homeowners' or disabled veterans' exemption

One of these exemptions **must be filed within one year of transfer**.

- To qualify for the homeowners' exemption, a dwelling must be the person's true, fixed and permanent home and principal establishment to which they, whenever absent, intends to return. In-state presence, vehicle registration, voter registration, bank accounts, and state income tax filings are among the matters to be considered in determining residency.



PROP 19 VALUE LIMIT

Prop 19 imposes a **Value Limit** to the amount excluded from reassessment. The limit is equal to the home's taxable value at time of transfer plus \$1 million.

- Full reassessment exclusion is permitted for a principal residence if the fair market value (FMV) of the home is less than the value limit.
- Partial reassessment exclusion is available if the FMV is more than the value limit. Any amount over the value limit is added to the taxable value. *See example and calculation on backside.*



EXAMPLE:

Parent owns a single family home with a **taxable value of \$387,238**. On March 15, 2021, the parent passes away and the parent’s only child inherits the residential home. On the parent’s date of death, the **fair market value** of the property was **\$1,750,000**. The child moves into the family home and files for a homeowner’s exemption within one year of transfer.

“Taxable value” means the base year value plus annual inflationary adjustments that is used to calculate property tax.

PROP 19 FAMILY TRANSFER CALCULATION

1) Determine the Value Limit. Add your property’s taxable value to Prop 19’s allowance of \$1 million.

Taxable Value	\$387,238
Prop 19 Allowance*	+ \$1,000,000
Value Limit/Excluded Amount	= \$1,387,238

2) Is the Fair Market Value (FMV) of your property less than the Value Limit?

- If yes, a full reassessment exclusion is provided and no additional taxable value is added.
- If no, go to Steps 3 & 4 to calculate a partial exclusion. In our example, the FMV of \$1,750,000 exceeds the Value Limit of \$1,387,238.

3) Determine the difference between the FMV and the Value Limit.

Fair Market Value	\$1,750,000
Excluded Amount	- \$1,387,238
Difference	= \$362,762

4) Add the difference from Step 3 to the taxable value. In our example, a partial exclusion is provided. The new combined base year value is \$750,000 for a home with a FMV of \$1,750,000.

HOW DO I APPLY FOR THE PROP 19 EXCLUSION?

STEP 1 Within one year of the transfer, the recipient must make the Family Home their principal residence and file for either the Homeowners’ or Disabled Veterans’ Property Tax Exemption form with our office.

- BOE-266, Claim for Homeowners’ Property Tax Exemption
- BOE-261, Claim for Disabled Veterans’ Property Tax Exemption

STEP 2 Claim the reassessment exclusion and report the change in ownership within three (3) years of the transfer. Sample forms:

- BOE-19-P, Claim for Reassessment Exclusion for Transfer Between Parent and Child Occurring on or After February 16, 2021
- BOE-19-G, Claim for Reassessment Exclusion for Transfer Between Grandparent and Grandchild Occurring on or After February 16, 2021
- BOE-502-D, Change in Ownership Statement Death of Real Property Owner (if appropriate)

Forms can be found on sfassessor.org. You can visit our office at City Hall room 190 during office hours (Mon-Fri 8am-5pm) to obtain application and claim forms. If you have any questions, please visit us, call 415-554-5596 or email assessor@sfgov.org.

** The \$1 million allowance will be adjusted annually beginning in 2023.*

***Disclaimer: Information on this document is not constructed as legal advice, but is designed to inform the public on tax relief opportunities processed by the Office of the Assessor-Recorder. If you have any questions regarding your particular property tax position, it is recommended that you consult with an attorney or a certified accountant.*

Difference	\$362,762
Taxable Value	+ \$387,238
New Combined Taxable Value	= \$750,000