

PROPOSITION 60 QUESTIONS AND ANSWERS

BASE YEAR TRANSFERS FOR PERSONS AGED 55 OR SEVERELY DISABLED

1. What is Proposition 60?

Prop 60 was a constitutional amendment approved by the voters of California in 1986. It is codified in Section 69.5 of the Revenue & Taxation Codes, and allows the transfer of an existing Proposition 13 base year value from a former residence to a replacement residence, if certain conditions are met. This benefit is open to homeowners who are at least 55 years of age (or are severely disabled as specified in the law), and who meet the requirements outlined in Question 2.

2. How do I qualify for this property tax benefit?

The following conditions *must* be met for tax relief to be granted under Prop 60:

- a. Both the original property (former residence) and its replacement must be located in the same county. See question 15.
- b. As of the date of transfer of the original property, the seller or a spouse living with the seller must be at least 55 years of age.
- c. The original property must have been eligible for the Homeowners' Exemption or entitled to the Disabled Veterans' Exemption.
- d. The replacement dwelling must be of equal or lesser value than the original property. **This is explained in greater detail in question 6.**
- e. **Without exception**, the replacement dwelling must be purchased or newly constructed within two years (before or after) of the sale of the original property.
- f. The original property must be subject to reappraisal at its current fair market value as the result of its transfer; (Change in ownership is outlined in Sections 60 and 61 of the Revenue and Taxation Code).
- g. If a mobile home is part of the original property and serves as the primary residence of the claimant, it **must** currently be taxed on the County tax roll.

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

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

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

No, you are not eligible if you have been previously granted this benefit.

5. What is meant by "equal or lesser value" than the original dwelling?

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.

6. 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?

No. The comparison must be made using the full market value of the original property and the full 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 the sales price.

7. If the current full cash value of my replacement dwelling slightly exceeds the full market value of my original property, can I still receive a partial benefit?

No. Unless the replacement dwelling satisfies the “equal or lesser value” test, no benefit is available. (See question 5.)

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

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

9. 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?

No. When the replacement dwelling is purchased or newly constructed, the assessor may issue a supplemental assessment (positive or negative) depending on base year value differences and the date of sale (original) or purchase (replacement) of dwellings, even when you qualify under Prop 60.

10. 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?

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 and your spouse must file for the exemption. 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.

11. 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?

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 in this manner, regardless of whether the co-owners of the replacement dwelling are married or not.

12. May I, as a former co-owner of an original property, receive partial benefit on my replacement dwelling along with the other co-owners on their separate replacement dwellings too?

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. There is one exception: Only in the case of a multiple-residential original property where several co-owners qualify for a separate Homeowners’ Exemption may portions of the factored base-year value of that property be transferred to several qualified replacement dwellings. The value test would then apply to each individual dwelling.

13. **Can I qualify for the Prop 60 benefit if I do not have a Homeowners' Exemption on my original property?**
- Yes. The law indicates the original property must be eligible for the Homeowner's Exemption by the claimant owning and occupying the property as his or her principle 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 will be required and may include vehicle registration, voter registration, bank accounts, or income tax records.
14. **Can I receive Prop 60 benefits if my original property is outside Butte County but my replacement dwelling is inside Butte County?**
- No. Both properties must be within Butte County.
15. **Can I receive Prop 60 benefits if my original property is inside Butte County but my replacement dwelling is in another county in California?**
- You may, under Prop 90. There are currently (as of 2006) 7 counties participating in Prop 90. Contact the Assessor's Office of the county the replacement dwelling is, and ask if that county allows transfers of base year values between counties.
16. **What if my original property contains more than just my principal residence and the land necessary for that residence?**
- You will receive Prop 60 benefits only if the replacement dwelling is of equal or lesser value than the portion of the original property that is your principal residence and the land that is necessary for that residence. The market value of the rest of the original property is not included in the comparison of the original property with the replacement dwelling.
17. **What if my new property contains more than just my replacement dwelling and the land necessary for that dwelling?**
- The base year value of the original property will be transferred to the portion of the new property that is the replacement dwelling and the land necessary for that dwelling. The rest of the new property will be assessed according to its full market value.
18. **If the transfer of my base year values to the replacement dwelling result in a Supplemental Assessment that is a refund, do I still have to pay the existing, current tax roll bill on the replacement property or will that bill be adjusted to reflect the new, lower value?**
- Unfortunately, you must pay the existing tax roll 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 the Revenue & Taxation Code Section 75.43.c.

For more information, call the Butte County Assessor's Office at:

(530)538-7721

Office Hours

Mon. thru Fri. 9:00 a.m. to 5:00 p.m.

CLAIM OF PERSON(S) AT LEAST 55 YEARS OF AGE FOR TRANSFER OF BASE YEAR VALUE TO REPLACEMENT DWELLING

(INTRACOUNTY AND INTERCOUNTY, WHEN APPLICABLE)

**FRED HOLLAND
BUTTE COUNTY ASSESSOR
25 COUNTY CENTER DR STE 100
OROVILLE CA 95965-3382
(530) 538-7721 (9:00a.m. - 5:00p.m.)**

A. REPLACEMENT DWELLING

ASSESSOR'S PARCEL NUMBER		RECORDER'S DOCUMENT NUMBER	
DATE OF PURCHASE	PURCHASE PRICE \$	DATE OF COMPLETION OF NEW CONSTRUCTION	COST OF NEW CONSTRUCTION \$
PROPERTY ADDRESS (street, city, county)			

Was the new construction described performed on a replacement dwelling which has already been granted the benefit under section 69.5 within the past two years? Yes No

If yes, what was the date of your original claim? _____

B. ORIGINAL (FORMER) PROPERTY

ASSESSOR'S PARCEL NUMBER	DATE OF SALE	SALE PRICE \$
PROPERTY ADDRESS (street, city, county)		

Was this property your principal place of residence? Yes No
 Did this property transfer to your parent(s), child(ren), or grandchild(ren)? Yes No

Note: When applicable, if the property is located in a different county from that of the replacement property, you must attach a copy of the original property's latest tax bill and any supplemental tax bill(s) issued before the date of sale. Also, was there any new construction to this property since the last tax bill(s) and before the date of sale? Yes No *If yes, please explain:*

Was this property substantially damaged or destroyed by misfortune or calamity (not a Governor-declared disaster) and sold in its damaged state? Yes No

If yes, what was the date of the misfortune or calamity? _____

C. CLAIMANT INFORMATION (please print)

NAME OF CLAIMANT	SOCIAL SECURITY NUMBER
DATE OF BIRTH (provide copy of valid identification with date of birth)	AT LEAST AGE 55 <input type="checkbox"/> Yes <input type="checkbox"/> No
NAME OF SPOUSE (provide if the spouse is a record owner of the replacement dwelling)	SOCIAL SECURITY NUMBER
DATE OF BIRTH	AT LEAST AGE 55 <input type="checkbox"/> Yes <input type="checkbox"/> No

Have either you or your spouse previously been granted relief under section 69.5 because of disability? Yes No

CERTIFICATION

I/We certify (or declare) under penalty of perjury under the laws of the State of California that: (1) neither of the claimant(s) above have previously been granted relief under section 69.5; (2) as a claimant/occupant I/we occupy the replacement dwelling described as my/our principal place of residence; and (3) the foregoing, and all information hereon, is true, correct, and complete to the best of my/our knowledge and belief.

SIGNATURE OF CLAIMANT ▶	DATE
SIGNATURE OF SPOUSE ▶	DATE
MAILING ADDRESS	DAYTIME PHONE NUMBER ()
CITY, STATE, ZIP	E-MAIL ADDRESS

If there are not enough spaces above for additional claimant(s) information, please use the above format on a separate sheet of paper and attach. If you have any questions about this form, please contact the Assessor's Office.

Note: Unless you become disabled at a later date, this may be a one-time only exclusion.
All information provided on this form is subject to verification.
IF YOUR APPLICATION IS INCOMPLETE, YOUR CLAIM MAY NOT BE PROCESSED.
THIS CLAIM IS NOT SUBJECT TO PUBLIC INSPECTION.

GENERAL INFORMATION

California law allows any person who is at least 55 years of age (at the time of sale of original/former property) who resides in a property eligible for the homeowners' exemption (place of residence) or currently receiving the Disabled Veterans' Exemption to transfer the base year value of the original property to a replacement dwelling of equal or lesser value within the same county. For purposes of this exclusion, *original property* and *replacement dwelling* mean a building, structure, or other shelter constituting a place of abode which is owned and occupied by a claimant as his or her principal place of residence, and land eligible for the homeowner's exemption. If an original property is a multi-unit dwelling, each unit shall be considered a separate original property.

In addition, to qualify for transfer of a base year value to a replacement dwelling all the following requirements must be met: (1) the replacement dwelling must be purchased or newly constructed within two years of the sale of the original property; (2) the original property must be subject to reappraisal at its current fair market value in accordance with sections 110.1 or 5803 of the Revenue and Taxation Code or must receive a transferred base year value as determined in accordance with sections 69, 69.3 or 69.5 of the Revenue and Taxation Code, because the property qualifies as a replacement residence; and (3) a claim for relief must be filed within 3 years of the date a replacement dwelling is purchased or new construction of that replacement dwelling is completed. If you sold the original property to your parent, child, or grandchild and that person filed a claim for the parent-child or grandparent-grandchild change in ownership exclusion, then you may not transfer your base year value under section 69.5.

In general, *equal or lesser value* means that the fair market value of a replacement property on the date of purchase or completion of construction does not exceed **100 percent** of market value of original property as of its date of sale if a replacement dwelling is purchased **before** an original property is sold; **105 percent** of market value of original property as of its date of sale if a replacement dwelling is purchased within one year **after** the sale of the original property; **110 percent** of market value of the original property as of its date of sale if a replacement dwelling is purchased within the **second year after** the sale of the original property.

If the original property was substantially damaged or destroyed by misfortune or calamity (not a Governor-declared disaster) and sold in its damaged state, the fair market value of the property immediately preceding the damage or destruction is used for purposes of the equal or lesser value test. A property is "substantially damaged or destroyed" if it sustains physical damage amounting to more than 50 percent of its full cash value immediately prior to the misfortune or calamity.

If you are filing a claim for **additional treatment** under section 69.5 as the result of new construction performed on a replacement dwelling which has already been granted the benefit, you must complete the reverse side of this form. You may be eligible if the new construction is completed within two years of the date of sale of the original property; you have notified the Assessor in writing of the completion of new construction within 30 days after completion; and the fair market value of the new construction (as confirmed by the Assessor) on the date of completion, plus the full cash value of the replacement dwelling at the time of its purchase/date of completion of new construction (as confirmed by the Assessor) does not exceed the market value of the original property as of its date of sale.

The disclosure of social security numbers by all claimants of a replacement dwelling is mandatory as required by Revenue and Taxation Code section 69.5. [See Title 42 United State Code, section 405(c)(2)(C)(i) which authorizes the use of social security numbers for identification purposes in the administration of any tax.] The numbers are used by the Assessor to verify the eligibility of persons claiming this exclusion and by the state to prevent multiple claims in different counties. This claim is not subject to public inspection.

If you feel you qualify for this exclusion, you must provide evidence that you are at least 55 years old and/or declare under penalty of perjury (see reverse) that you are least 55, and complete the reverse side of this form. Generally, claimants will be granted property tax relief under section 69.5 of the Revenue and Taxation Code only once. However, the Legislature created an exception to this one-time-only clause. If a person becomes disabled **after** receiving the property tax relief for age, the person may transfer the base year value a second time because of the disability. A separate form for disability must be filed. Contact the Assessor.

If your claim is approved, the base year value will be transferred to the replacement dwelling as of the **latest** qualifying event — the sale of the original property, the purchase of the replacement dwelling, or the completion of construction of the replacement dwelling. This means that if you purchase or construct your replacement dwelling **first** and sell your original property **second**, you will be responsible for the increased taxes on your replacement dwelling until your original property is sold.

Please Note: Transfers between counties are allowed only if the county in which the replacement dwelling is located has passed an authorizing ordinance. The acquisition of the replacement dwelling must occur on or after the date specified in the county ordinance.

(Please complete applicable information on reverse side.)