

Diane L. Harkey, Board of Equalization, Fourth District

July 2018



Special Points of Interest:

- Over Age 55 Property Tax Base Transfers
- Participating Counties that Allow Property Tax Base Transfers
- Rainwater Capture Systems are Excluded from Property Tax Assessments as of January 1, 2019
- How to Contact Diane Harkey

Representing 9.5 million constituents in the counties of Orange, Riverside, San Diego, Imperial, and the southernmost portion of San Bernardino

Over Age 55 Property Tax Base Transfers

Many empty nesters want to downsize to a smaller home or move closer to their grandchildren. In recent years the sharp increase in California property values has made these same homeowners fear the prospect of moving due to the prospect of paying much higher property taxes on a new home. Luckily California homeowners who are 55 or older don't necessarily have to give up the low Prop.13 protected property tax assessment they enjoy in their current home—if they take advantage of a one-time transfer.

Proposition 60 (passed in 1986) and Proposition 90 (passed in 1988) allows homeowners who are at least 55 years old to transfer their existing assessed value base of their home to a new home, of equal or lesser market value, within the same county or to a different participating county.

The prop 60/90 base year transfer is a one-time only benefit available to a homeowner, or a spouse residing with them, if they are at least 55 years old when the original property is sold. Once a base year transfer is approved, neither the homeowner, nor spouse who resides with them, can ever file for an age based transfer again, even upon the death of one of the spouses or divorce. To be eligible for the 55 and older transfer, your current home must

be eligible for the homeowners' or disabled veterans' exemption either at the time it was sold or within two years of the purchase or construction of the replacement property.

There are also specific requirements for new home / replacement property:

- Your replacement property must be your principal residence.
- Your new home must be eligible for the homeowners' or disabled veterans' exemption either at the time it was sold or within two years of the purchase or construction of the new/ replacement property.
- The new property must be of equal or lesser "current market value" than your old home. Minor allowances in value are available based on timing of the sale and purchase of your new home.
- The replacement home must be purchased or built within two years (before or after) of the sale of your original property. There are absolutely no exceptions to the 2-year deadline.

For more information contact Diane Harkey's office and speak with one of her experienced tax professionals. Or, visit www.boe.ca.gov and search for "Propositions 60/90 transfer of base year".

Participating California Counties Allowing Transfer of Base Year Value

Alameda County

El Dorado County*

Los Angeles County

Orange County

San Bernardino County

San Diego County

San Mateo County

Santa Clara County

Tuolumne County

Ventura County

* Ordinance will expire 11/07/2018

Diane L. Harkey
Board of Equalization
4th District



Irvine Office:

16715 Von Karman Ave

Suite 150

Irvine, CA 92606

Sacramento Office:

400 Capital Mall

Suite 2580

Sacramento, CA 95814

As a member of the State Board of Equalization, Diane Harkey capitalizes on her private and public sector experience to promote the rights and interests of all taxpayers. Diane Harkey advocates for policies that support job creation in the private sector, improve California's state budget outlook, and reduce the burden of complying with government audits, and various tax regulations. Her office has favorably resolved over 500 constituent cases district-wide, and continues to hold educational events explaining property tax assessment, property tax exemptions available, appeal processes, the importance of Proposition 13, manufacturing tax exemptions, and a variety of topics regarding state tax law.

Tax laws are complex and compliance can often feel burdensome. Board Member Diane Harkey's office is a resource for any tax issue you may be facing. Contact our office for assistance.

Telephone: (949) 724-2578

Email: Diane.Harkey@boe.ca.gov

Website: www.boe.ca.gov/Harkey

Rainwater Capture Systems are Excluded from Property Tax Assessments

Saving for a rainy day takes on more meaning since the passage of California Proposition 72. Beginning January 1, 2019, the California constitution was amended to exclude a "rainwater capture system" from property tax reassessment. A rainwater capture system can be as simple as a rain barrel system to collect rainwater or as elaborate as large cisterns and tanks used to harvest rainwater to supply your entire household. Typically, when a property owner adds new construction to his or her property, the new construction is assessed for taxable value and the homeowner's property tax bill is increased. Prior to Proposition 72, adding a rainwater capture system to a property counted as a "new construction".

The recent ballot measure excluded rainwater capture systems from the definition of new construction, so the taxable value of your property will not increase if you add a rainwater capture system. The legislation defined rainwater capture systems as *"...facilities designed to capture, retain, and store rainwater flowing off rooftops or other manmade aboveground hard surfaces for onsite use"*.

Please do not collect rainwater on your own without professional advice regarding safe capture and sanitation systems. Standing water attracts mosquitoes and other insects, as well as, wild animals and vermin. However, almost 6,000 gallons of rainwater can be collected from an inch of rain from a roof of about one-thousand square feet. When stored and treated properly, the water collected can be used for non-potable purposes (not for drinking). For more information call your city for permitting requirements, and call our office to speak to a tax professional regarding this property tax exclusions.

