

Proposition 58 and 193 Null Parent to Child Property Reassessment

Propositions 58 and 193 exclude from reassessment property that transfers between parent and child or from grandparent to grandchild provided specific criteria are met.

To receive the exclusion effective the date of the transfer, a claim must be filed with the County Assessor the earliest of:

1. Within three years after the date of purchase or transfer,
2. Prior to a transfer to a third party,
3. Within six months after the date of mailing a notice of supplemental assessment or escape assessment for the property.

Claims received after the time limit cannot be granted as of the date of the transfer but may be granted for future tax years.

Transfers occurring prior to September 30, 1990 have a different filing time period. Please contact the Assessor's Office for information.

Effective Dates

Transfers between parents and children became excludable from reassessment under Proposition 58 effective November 6, 1986.

Transfers from grandparents to grandchildren became excludable from reassessment under Proposition 193 effective March 27, 1996.

Important

If you are selling real property out of probate, or are selling as successor trustee, it is important that the Assessor is notified of the death of the owner and that a Proposition 58 or 193 claim is filed.

Q. When Do Ownership Transfers Occur?

A. Property is reassessable when a change in ownership occurs.

Section 60 of the California Revenue and Taxation Code defines a change in ownership as "...a transfer of a present interest in real property, including the beneficial use thereof..."

Some examples of changes in ownership include the following:

Sales:

When a deed or other document is recorded, the date of recordation is presumed to be the date of ownership change.

Inheritance:

Where the property is transferred by will, joint tenancy or intestate succession, the change of ownership date is the date of death of the owner.

Trusts:

- **Revocable Trust.** The change in ownership date is the date the trust becomes irrevocable, generally the date of death of the trustor.
- **Irrevocable Trust.** The change in ownership date is the date property is placed in the trust.

Not Included:

The transfer of ownership to or from a legal entity (e.g., partnerships and corporations) is not eligible for exclusion under Proposition 58 and 193.

Transfers of ownership interests in legal entities (e.g., shares of stock or capital) are also not eligible for exclusion.

Eligible Property

Principal Residence

A claim may be filed on the purchase or transfer of real property that is the principal residence of an eligible transferor. To be considered a principal residence, there must be a homeowner's exemption or a disabled veteran's residence exemption granted in the name of the eligible transferor. There is no limit to the number of transfers of principal residences, but each principal residence must qualify as such. The residence need not become the principal residence of the transferee(s).

Other Property

A claim may also be filed on the purchase or transfer of the first one million dollars (\$1,000,000) of assessed value of all other real property of an eligible transferor. The value is the Proposition 13 value, including the full value of any new construction in progress, determined as of the date immediately prior to the date of a purchase by or transfer to an eligible transferee. Basically, this is the taxable value on the assessment roll.

Q. Who Are Considered Children?

A. Considered Children Are:

- 1. Any child born of the parent(s)*
- 2. Any stepchild of the parent(s) and the spouse of that stepchild while the relationship of stepparent and stepchild exists. The relationship exists until the marriage on which the relationship is based is terminated by divorce or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.*
- 3. Any son-in-law or daughter-in-law of the parent(s). The relationship of parent and son-in-law or daughter-in-law exists until the marriage on which the relationship is based is terminated by divorce or, if the relationship is terminated by death, until the remarriage of the surviving son-in-law or daughter-in-law.*
- 4. Any statutorily adopted child who was adopted before the age of 18.*

Q. Who Are Considered Grandchildren?

A. For Proposition 193, the same relationship requirements for children apply to grandchildren, step-grandchildren, and grandchildren-in-law. The parents of the grandchild(ren) who would qualify for a Proposition 58 exclusion from the grandparents must be deceased.

You should contact the Assessor's Office regarding specific scenarios to check the eligibility of transfers.

How to File

In order to apply for the Proposition 58 and 193 exclusions, the eligible transferee(s) must file a claim with the Assessor. This claim form must be signed by one of transferees, or by a legal representative only if the transferee is a minor or is incompetent. When the transfer is from an estate, the decedent is considered to be the transferor. The transferor's social security number must be supplied.