

Propositions 58 & 193

Reassessment Exclusion for Property Transfers



Propositions 58 & 193

Propositions 58 & 193 are two constitutional initiatives passed by California voters to provide property tax relief by preventing reassessment of the property value when real property is transferred between parents and children (Proposition 58) or from grandparents to grandchildren (Proposition 193). (*Section 63.1 of the Revenue and Taxation Code and Article XIII A Section 2(h) of the California Constitution*).

California voters determined it was fair and equitable to exclude reassessment on properties transferred between parents and children as well as from grandparents to grandchildren. These two propositions were enacted to make it easier to “keep property in the family.”

Under Proposition 58, if the parent or child who acquires the transferor’s principal residence (or other property with an assessed value up to \$1,000,000) files a claim which is subsequently approved by the Assessor, reassessment of the property will be excluded.

Similarly, under Proposition 193, if the grandparent or grandchild who acquires the transferor’s principal residence (or other property with an assessed value up to \$1,000,000) files a claim which is approved by the Assessor, the reassessment will be also be excluded. Under either of these provisions, if the property was already reassessed, the reassessment will be reversed and a corrected tax bill will be issued, and/or a refund will be processed.

Children “Defined”

For the purposes of Proposition 58, the definition of ‘children’ will be:

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.

Grandchildren “Defined”

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

When Did These Propositions Become Effective?

Proposition 58 applies to transfers occurring on or after November 6, 1986. Proposition 193 applies to transfers occurring on or after March 27, 1996.

Ordinarily, the claim must be filed within three years of the date of transfer, or date of death, but before transfer to a third party. However, the claim will also be considered timely if it is filed within six months after the mailing of the Notice of Assessed Value Change.

Legislation effective January 1, 1998 (Senate Bill 542), now allows claims to be filed after the above deadlines, subject to certain conditions. The property must not have transferred to a third party. In addition, the exclusion may only be applied to future tax years. It cannot be applied retroactively back to the date of transfer.

Claim forms are distributed at your local tax assessor’s office and/or may be available on your local tax assessor’s website.

Source: L.A. County Office of the Assessor; www.lacountyassessor.com.

