

State of California's **Proposition 19**

When Stewart Title of California, Inc. is handling your title or escrow, annual real estate property taxes, as assessed, are pro-rated through closing and paid current through the transaction. There's a newly passed property tax proposition in California - Proposition 19 - that may affect your tax prorations.

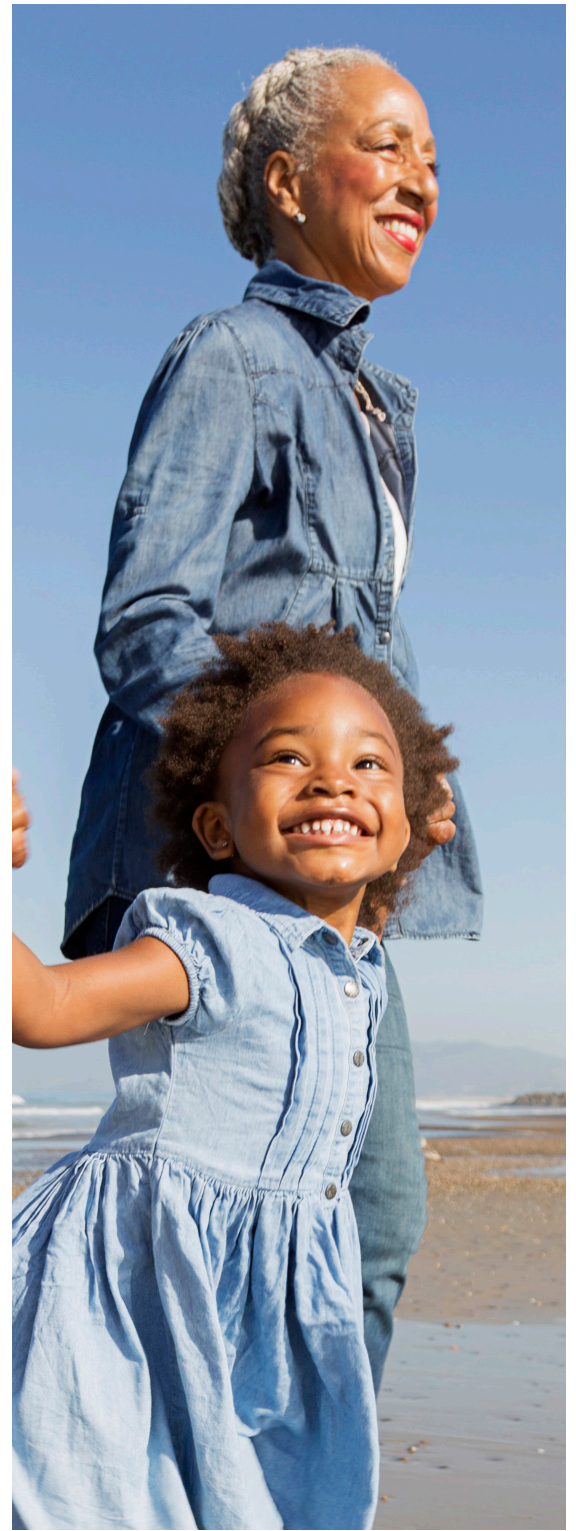
How Proposition 19 affects the tax assessment transfers:

In California, eligible homeowners who are 55 years and older, severely disabled, or victims of wildfires and natural disasters may transfer their tax assessments to a different home of the same or lesser market value, within the same county, which allows them to move without paying higher taxes. Proposition 19 allows eligible homeowners to transfer their tax assessments anywhere within the state and allows tax assessments to be transferred to a more expensive home, but now with an upward adjustment. **This provision goes into effect on April 1, 2021.**

How Proposition 19 affects inherited property tax:

In California, parents or grandparents may transfer their primary residence to their children or grandchildren without the property's tax assessment resetting to market value. In addition, in cases where the child or grandchild does not use the inherited property as their primary residence, such as using the property as a rental house or second home, the first \$1 million is exempt from re-assessment. Proposition 19 eliminates the parent-to-child and grandparent-to-grandchild exemption in cases where the child or grandchild does not use the inherited property as their primary residence and thus, the inherited property not used as a primary residence is no longer able to be transferred without a tax reassessment to market value. **This provision goes into effect on February 16, 2021.**

For questions or details about how Proposition 19 may affect your transaction, contact us today.



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