



## **PROPERTY TAX REDUCTION ON THIS NOVEMBER'S BALLOT: YOUR QUICK GUIDE TO PROPOSITION 5**

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\*\* Previously reported this article stated that there was no age limitation which is an error.

The age limitation is 55 years or older. \*\*

On next November's ballot, California Proposition 5, the "**Property Tax Transfer Initiative**," would add a wrinkle to existing property tax rules that have been enacted since Proposition 13. This initiative would allow homeowners to transfer the tax-assessed value from their current primary residence to a new home a) regardless of the fair market value of their new home, b) regardless of the location of the home in California, and c) regardless of the number of moves made.

Previously reported it was stated that there was no age limitation but there is which is 55 years or older or disabled.

### **As it Is Now**

Currently, Proposition 60 allow those 55 years or older to purchase a replacement dwelling with the fair market value equal to or less of their primary residence, in the same county. Proposition 90 provides for the inter-county transfer to a participating county without reassessment. Currently, only eleven out of fifty-eight California counties participate: Alameda, El Dorado, Los Angeles, Orange, Riverside, San Bernardino, Santa Clara, San Diego, San Mateo, Tuolumne, and Ventura counties. El Dorado County may not be participating as November 2018.

### **And As It May Be**

California Proposition 5 would eliminate significant restrictions now imposed on homeowners under Proposition 60 and 90. Under the initiative, homeowners would have the freedom to move to a lesser-priced primary residence in any county, and preserve their property tax rate. Californians who have experienced appreciation in their home's value have stated they feel unable to move as a result of the current **“moving penalty”** or higher property tax rate they would incur. Supporters argue that if the initiative passes, it could ease the housing shortage in the Bay Area and other communities by freeing up housing for younger families.

Opponents point out California schools, already ranked 10<sup>th</sup> from the bottom among the 50 states, would take a drastic hit if Proposition 5 passes because revenues from property taxes would decrease. While both supporters and opponents agree that there is a housing crisis, opponents claim that if the Proposition passes, it would be another tax giveaway.

There are bound to be supporters and detractors on any measure affecting California's property tax. This fall it will be up to you to decide this issue. The

initiative is on the ballot as a combined initiated constitutional amendment and amendment to the state statute. Be sure to vote your choice November 6, 2018.