

State of California

REVENUE AND TAXATION CODE

Section 69.6

69.6. Notwithstanding any other law, on and after April 1, 2021, the following shall apply:

(a) Pursuant to subdivision (b) of Section 2.1 of Article XIII A of the California Constitution, any person over 55 years of age, any severely and permanently disabled person, or a victim of wildfire or natural disaster who resides in property that is eligible for either the homeowners' exemption, under subdivision (k) of Section 3 of Article XIII of the California Constitution and Section 218, or the disabled veteran's exemption, under subdivision (a) of Section 4 of Article XIII of the California Constitution and Section 205, may transfer, subject to the conditions and limitations provided in this section, the taxable value of that property to any replacement dwelling that is purchased or newly constructed by that person as their principal residence within two years of the sale by that person of the original property, provided that the taxable value of the original property shall not be transferred to the replacement dwelling until the original property is sold. A person shall not be allowed to transfer the taxable value of a primary residence pursuant to this section more than three times as a claimant who is over 55 years of age or severely or permanently disabled.

(b) In addition to meeting the requirements of subdivision (a), any person claiming the property tax relief provided by this section shall be eligible for that relief only if the following conditions are met:

(1) The claimant is an owner and a resident of the original property either at the time of its sale or within two years of the purchase or new construction of the replacement dwelling.

(2) The original property is eligible for the homeowners' exemption or the disabled veteran's exemption, as the result of the claimant's ownership and occupation of the property as their principal residence, either at the time of its sale or within two years of the purchase or new construction of the replacement dwelling.

(3) At the time of the sale of the original property, the claimant is over 55 years of age, is severely and permanently disabled, or is a victim of wildfire or natural disaster.

(4) At the time of claiming the property tax relief provided by subdivision (a), the claimant is an owner of a replacement dwelling and occupies it as their principal place of residence and, as a result thereof, the property is currently eligible for the homeowners' exemption or the disabled veteran's exemption, or would be eligible for the exemption except that the property is already receiving the exemption because of an exemption claim filed by the previous owner.

(5) The claimant sells the original property within two years of the purchase or new construction of the replacement dwelling. For purposes of this paragraph:

(A) Either the sale of the original property or the purchase or new construction of the replacement dwelling, but not both, may occur before April 1, 2021.

(B) The purchase or new construction of the replacement dwelling includes the purchase of that portion of land on which the replacement building, structure, or other shelter constituting a place of abode of the claimant will be situated and that constitutes a part of the replacement dwelling.

(6) The claimant has not previously been granted, as a claimant who is over 55 years of age or severely and permanently disabled, the property tax relief provided by this section more than two times. This limitation shall not apply to claimants who are victims of wildfire or natural disaster. In order to prevent more than three claims under this section within this state per person, each county assessor shall report quarterly to the State Board of Equalization that information from claims filed and from county records as is specified by the board to be necessary to identify fully all claims under this section allowed by assessors and all claimants who have thereby received relief. The board may specify that the information include all or a part of the names and social security numbers of claimants and the identity and location of the replacement dwelling to which the claim applies. The information may be required in the form of data processing media or other media and in a format that is compatible with the recordkeeping processes of the counties and the auditing procedures of the state.

(c) (1) To receive the property tax relief under this section, a claim shall be filed within three years of the date the replacement dwelling was purchased or the new construction of the replacement dwelling was completed.

(2) A claim for transfer of taxable value under this section that is filed after the expiration of the filing period set forth in paragraph (1) shall be considered by the assessor, subject to both of the following conditions:

(A) Any base year value transfer granted pursuant to that claim shall apply, commencing with the lien date of the assessment year in which the claim is filed.

(B) The full cash value of the replacement dwelling in the assessment year described in subparagraph (A) shall be the base year value of the real property in the assessment year in which the base year value was transferred, factored to the assessment year described in subparagraph (A) for all of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property that does not qualify for property tax relief pursuant to the criteria set forth in subparagraphs (A) and (B) of paragraph (7) of subdivision (e).

(d) For the purposes of this section, the following terms have the following meanings:

(1) "Person over 55 years of age" means any person who has attained the age of 55 years or older at the time of the sale of the original property.

(2) “Taxable value of the original property” means its base year value, as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of Section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date that the original property is sold by the claimant, or in the case where the original property has been substantially damaged or destroyed by wildfire or natural disaster and the owner does not rebuild on the original property, determined as of the date immediately before the wildfire or natural disaster.

(3) “Replacement dwelling” means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as the claimant’s principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of a replacement dwelling includes only that area of reasonable size that is used as a site for a residence, and “land owned by the claimant” includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate replacement dwelling. For purposes of this paragraph, “area of reasonable size that is used as a site for a residence” includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, “land owned by the claimant” includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(4) “Original property” means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as the claimant’s principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of the original property includes only that area of reasonable size that is used as a site for a residence, and “land owned by the claimant” includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate original property. For purposes of this paragraph, “area of reasonable size that is used as a site for a residence” includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, “land owned by the claimant” includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(5) For purposes of this section, an original dwelling or replacement dwelling shall be not be considered a multiunit dwelling if: (A) there is a dwelling unit on the property, (B) the only other units on the real property are accessory dwelling units or junior accessory dwelling units, (C) any accessory dwelling units and junior accessory dwelling units are not separately alienable from the title of any other dwelling unit on the property, and (D) the claimant occupies one of the structures as their primary residence.

(6) For the purposes of this subdivision, except as otherwise provided in paragraph (7) of subdivision (e), if the replacement dwelling is, in part, purchased and, in part, newly constructed, the date the “replacement dwelling is purchased or newly constructed” is the date of purchase or the date of completion of construction, whichever is later.

(7) “Full cash value of the replacement dwelling” means its full cash value, determined in accordance with Section 110.1, as of the date on which it was purchased or new construction was completed, and after the purchase or the completion of new construction.

(8) “Full cash value of the original property” means either of the following, as applicable:

(A) Its new base year value, in accordance with Section 75.8, without the application of subdivision (c) of Section 2.1 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article XIII A and subdivision (f) of Section 110.1 for the period from the date of its sale by the claimant to the date on which the replacement dwelling was purchased or new construction was completed.

(B) In the case where the original property has been substantially damaged or destroyed by wildfire or natural disaster and the owner does not rebuild on the original property, its full cash value, as determined in accordance with Section 110, immediately before its substantial damage or destruction by wildfire or natural disaster, as determined by the assessor of the county in which the property is located, without the application of subdivision (c) of Section 2.1 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, for the period from the date of its sale by the claimant to the date on which the replacement property was purchased or new construction was completed.

(9) “Sale” means any change in ownership of the original property for consideration.

(10) “Claimant” means any person claiming the property tax relief provided by this section.

(11) “Property that is eligible for the homeowners’ exemption” includes property that is the principal place of residence of its owner and is entitled to exemption pursuant to Section 205.5.

(12) “Person” means any individual, but does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind. “Person” includes an individual who is the present beneficiary of a trust.

(13) “Equal or lesser value” means that the amount of the full cash value of a replacement dwelling does not exceed one of the following:

(A) One hundred percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed prior to the date of the sale of the original property.

(B) One hundred and five percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the first year following the date of the sale of the original property.

(C) One hundred and ten percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the second year following the date of the sale of the original property.

(14) For the purposes of this section, original property is “substantially damaged or destroyed by wildfire or natural disaster” if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land’s or the improvement’s full cash value immediately before the wildfire or natural disaster. Damage includes a diminution in the value of the original property as a result of restricted access caused by the wildfire or natural disaster.

(e) (1) Upon the timely filing of a claim described in paragraph (1) of subdivision (c), the assessor shall adjust the new base year value of the replacement dwelling in conformity with this section. This adjustment shall be made as of the latest of the following dates:

(A) The date the original property is sold.

(B) The date the replacement dwelling is purchased.

(C) The date the new construction of the replacement dwelling is completed.

(2) If the full cash value of the replacement dwelling is of equal or lesser value than that of the original property, the taxable value shall be deemed to be the taxable value of the original property.

(3) If the full cash value of the replacement dwelling is of greater value than the original property, the taxable value of the replacement dwelling shall be calculated by adding the difference between the full cash value of the original property and the full cash value of the replacement dwelling to the taxable value of the original property.

(4) If the replacement dwelling is purchased or newly constructed after the transfer of the original property, “taxable value of the original property” also includes any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the sale of the original property. The base year or years used to compute the “taxable value of the original property” shall be deemed to be the base year or years of any property to which that base year value is transferred pursuant to this section.

(5) Any taxes that were levied on the replacement dwelling prior to the filing of the claim on the basis of the replacement dwelling’s new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(6) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings acquired prior to the sale of the original property.

(7) In the case when a claim under this section has been timely filed and granted, and new construction is performed upon the replacement dwelling subsequent to the transfer of base year value, the property tax relief provided by this section also shall apply to the replacement dwelling, as improved, and thus there shall be no reassessment upon completion of the new construction if both of the following conditions are met:

(A) The new construction is completed within two years of the date of the sale of the original property and the owner notifies the assessor in writing of completion of the new construction within six months after completion.

(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (8) of subdivision (d) for purposes of granting the original claim.

(f) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the claimant or the claimant's spouse, the claimant's or the claimant's spouse's legal representative, the trustee of a trust in which the claimant or the claimant's spouse is a present beneficiary, and the executor or administrator of the claimant's or the claimant's spouse's estate.

(g) (1) After consultation with the California Assessors' Association, the Board of Equalization shall, by emergency regulation, adopt regulations and produce claim forms and instructions necessary to implement this section and Section 2.1 of Article XIII A of the California Constitution.

(2) Any emergency regulation prescribed, adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

(Added by Stats. 2021, Ch. 427, Sec. 3. (SB 539) Effective September 30, 2021.)