

# Tax Portability Initiative

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SOUTHLAND REGIONAL  
ASSOCIATION OF REALTORS®, INC.

California Association of REALTORS® is sponsoring a

## Statewide Tax Portability Ballot Measure

The initiative responds to the need to create homeownership opportunities for young families and preserve tax savings for seniors :

- ◆ Regardless of the whether the replacement property is high or lower in price
- ◆ Allows for multiple transfers within their lifetime anywhere in the state



Stimulating the  
Housing Market



Increased Options  
for First Time &  
StepUp Homebuyers



*How is this different from Proposition 60 and Proposition 90?*

Prop 60 allows a one time transfer per couple per lifetime and caps the replacement property at 110% of original property price. Currently transfers are reciprocated in a handful of counties under Prop 90.

Independent polling indicates a desire to allow greater flexibility in tax base transfer ability across different price points as well as locations throughout the state.

In response the California Association of REALTORS® has included a \$100 assessment, included in your 2018 Association Dues Bill, that is necessary to raise sufficient funding for a sponsored ballot initiative. At an estimated cost of 30-50 million dollars this \$100 assessment per member will be well worth the cost.

How will homeowners benefit? Many older homeowners are reluctant to move because to do so will increase their annual property taxes. The Tax Portability Initiative will go beyond what current Propositions allow by creating state wide tax transfer ability. Additionally, the initiative includes a blended tax option if the replacement property purchase price is higher than the original property sold.

Increasing the supply of homes for sale will benefit first time and step up homebuyers and increase affordability.



CALIFORNIA  
ASSOCIATION  
OF REALTORS®

Members will soon have the opportunity to engage clients in the petition signing process. Look for frequent updates by visiting [www.srar.com/taxportability](http://www.srar.com/taxportability)



Protecting Homeownership  
Investment

# Portability Initiative Update



**In October, the Board of Directors of the California Association of REALTORS® voted to move forward with a ballot initiative to allow those aged 55 and over to sell their home and buy another, and retain some or all their Proposition 13 property tax savings. To fund the initiative, a required additional \$100 for the Issues Fund will be collected with members' dues for 2018.**

## **Why is this Needed?**

Under Proposition 13, homeowners are protected from rapidly increasing property taxes. However, seniors, who are often on a fixed income, fear they will not be able to afford a big property tax increase if they sell their existing home and buy another one, discouraging them from ever moving. As a result of this "moving penalty," almost three-quarters of homeowners 55 and older haven't moved since 2000. The initiative will allow them to sell their home while keeping some property tax protections, and therefore create homeownership opportunities for young families.

## **How do property tax assessments work now?**

The amount any homeowner pays in property taxes is based on the assessed value of their home at the time of purchase. Generally, Proposition 13 limits property taxes to 1 percent of the assessed value at the time of purchase even if the value of the property subsequently increases.

Unfortunately, homeowners lose their Proposition 13 property tax savings when they move to another home. Under another law, Proposition 60, senior homeowners – defined as 55 years of age or older – are allowed to transfer their property tax base to another home in the same county so long as the purchase price of the replacement home is equal to, or less than, the sale price of the original residence.

Under Proposition 60, a senior homeowner is limited to making only one such transfer over the course of his or her lifetime. And, if the spouse of a senior homeowner has already transferred a property tax base, that senior homeowner is disqualified from making another transfer of the tax base.

Proposition 90 is an extension of the original Proposition 60 program. Proposition 90 allows senior homeowners to transfer their property tax base to a home in a different county so long as that county accepts such transfers. (At last count, only 11 counties are accepting transfers from other counties.)

Propositions 60 and 90 are relatively limited. That's where C.A.R.'s property tax base portability initiative comes in.

## **How will the initiative work?**

C.A.R.'s Portability Initiative would allow homeowners 55 years of age or older to transfer some of their Proposition 13 property tax base to a home of any price, located anywhere in the state, any number of times.

## **What's next?**

C.A.R. is in the process of hiring a campaign firm to qualify the initiative for the November 2018 general election ballot. In the meantime, C.A.R. will be asking members to help collect signatures on petitions to qualify the initiative. You will receive more information about this effort in the coming week.

## **Who do I contact with additional questions?**

Please contact C.A.R. at [portability@car.org](mailto:portability@car.org) or at (916) 492-5200.