



County of Fresno

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NEWS RELEASE

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WHAT IS PROPOSITION 19?

Inheriting Property - Proposition 19 (Proposition), or the Home Protection for Seniors, Severely Disabled, Families and victims of Wildfire or Natural Disasters Act, is a Constitutional Amendment that imposes new limits on property tax benefits for inherited family property. Under Proposition 19, a child or children may keep the lower property tax base of the parents(s) ONLY if the property is the principal residence of the parent(s) and the child or children make it their principal residence within a year.

Transfer of Property Tax Base - The other component of the Proposition allows homeowners who are over 55 years of age, disabled, or victims of wildfire or natural disaster, to transfer their lower assessed property value of their primary home to a newly purchased or newly constructed replacement principal residence up to three times (or once per disaster). The tax base may be transferred to a property located anywhere in the state.

While this new law benefits Seniors, Disabled and victims of Natural Disasters, as a professional accountant I find certain provisions of the Proposition to be unfair to the less affluent and rural counties.

As a county Assessor, I believe that transfer of property tax base anywhere in the state will have a negative effect on Fresno County's tax roll, despite the unprecedented boom in residential construction that is presently taking place in our County. The bottom line is that the Proposition is unfair to less affluent and rural counties. It is making changes that result in large transfer of property tax dollars from the rural counties to the urban or more affluent counties. Are the rich getting richer and poor getting poorer?

Homeowners who use the provision that allows them to transfer their property tax base are generally those moving from the high-priced urban areas of the state to the lower priced rural counties either to downsize or move close to family. And Fresno, with its moderate real estate prices, is a magnet for those seeking to downsize. A common scenario works like this:

“ASSESSOR – Never Underestimate the Value of the Office”

A homeowner from the Bay Area:

- Purchased their home in 1974 for \$38,000 and their house has a Prop 13 assessment of about \$80,000
- They are selling that home for \$1.2 million and buying a home in Fresno County for about \$1,000,000
- Under the Proposition, they can now transfer the \$80,000 assessment to their new home in Fresno, which means they will be paying about \$800 per year in property tax for a home that the locals would otherwise be paying about \$10,000 a year. A property tax loss of \$9,200 for Fresno County.
- Meanwhile, the home that they sold for \$1.2 million will now result in a \$12,000 property tax bill for the Bay area county. And where the Bay area county was previously getting \$800 a year in property taxes, now they are getting an additional \$11,200, for total of \$12,000. I call this mana from heaven, a windfall profit or “The great wealth transfer”, transferring property tax dollars from the poor to the rich..

In every new law there are those that benefit from its provisions-the winners- and those that don't-the losers. Only time will tell the impact that Proposition 19 will have on Fresno County's coveted tax roll.

We hope our legislature will wake up and see some of the embedded inadequacies in this newly enacted law.

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