December 14, 2020

Honorable Antonio Vazquez, Chair
California State Board of Equalization
621 Capitol Mall, Suite 2100
Sacramento, CA 95814

RE:  Board of Equalization Meeting, December 17
Item K.3.b Proposition 19

Dear Chair Vazquez,

As President of the California Assessors’ Association (CAA) and as Stanislaus County Assessor I want to convey the initial CAA insights, surface challenges and administrative and legal barriers to implementation of Proposition 19. The CAA formed a Proposition 19 Sub-Committee comprised of Assessors and Assessor staff subject matter experts, along with Glenna Schultz from the BOE staff. The Committee has identified several dozen significant concerns with Proposition 19. I have attached their report which identifies the most significant concerns from their initial review and provides possible remedies. The CAA will continue to review Proposition 19 in anticipation of refining concerns and recommendations as more information is forthcoming and consensus legal interpretations become more available.

Proposition 19 is silent on many critical implementation issues. For example, effective April 1, Proposition 19 “permits homeowners who are over 55, severely disabled, or whose homes were destroyed by wildfire or disaster, to transfer their primary residence’s property tax base value to a replacement residence of any value, anywhere in the state.” However, the new constitutional provision is silent on whether both transactions must occur after April 1, or whether one transaction taking place before April 1 and one transaction occurring after April 1 would be qualifying. There are other instances noted throughout the attached report, including, needed clarity on how Assessors should handle the assessment of a principal residence should the acquiring child or grandchild move out of the property after establishing residency and the Homeowner’s Exemption.

It remains unclear what Constitutional and Revenue and Taxation Code sections are retired and what sections survive from the existing Constitution and statutes. For example, as it relates to disaster relief in Proposition 19 the benefits are narrower than Proposition 110 and it appears that under certain circumstances Proposition 19 would be applied and in other circumstances, e.g. where the land is damaged, Prop 110 provisions would still need to be administered.

The attached report of concerns and the examples above reflect the most significant issues identified to date. In some instances, issues can be addressed through changes in forms, LTAs and Handbooks. In other instances, the CAA believes urgency legislation is essential prior to February 15 for Assessors to uniformly and fairly administer Proposition 19. It is also possible that the plain language of the changes to the
Constitution may necessitate a cleanup initiative, akin to Proposition 8 passed six months after Proposition 13 in 1978. Where possible the CAA urges the BOE and the legislature to build upon and replicate administrative practices (forms, deadlines, processes etc.) utilized in the application of Propositions 60, 90, 110, 58, and 193. Additionally, new implementing legislation should utilize new code sections to easily distinguish from existing and remaining revenue and taxation codes.

In closing, Assessors have received a steady stream of inquiries as to how they will implement Proposition 19. It is extraordinarily urgent that ambiguities in the law are resolved, stakeholders are engaged and urgency legislation is initiated. The CAA intends to stay engaged with all stakeholders as this process moves forward.

Sincerely,

Don H. Gaekle, President
California Assessors’ Association

enclosure

Cc: The Honorable Mike Schaefer, Vice Chair, BOE Member District 4
    The Honorable Ted Gaines, BOE Member District 1
    The Honorable Malia Cohen, BOE Member District 2
    Ms. Yvette Stowers, Deputy State Controller for Taxation
    Ms. Brenda Fleming, BOE Executive Director
    Ms. Catherine Taylor, Chief of Board Proceedings
    CAA Members
    Mr. Rob Grossglauer, Pinnacle Advocacy, LLC, CAA Advocate