

# Homeowner's Guide to Proposition 110

## **What is Proposition 110?**

Proposition 110 is a constitutional initiative passed by California voters. It provides property tax relief for severely and permanently disabled persons by allowing the transfer of the base-year value of their existing home to a newly purchased or constructed home within select counties in the State of California. It also provides property tax relief by excluding from reassessment the construction, installation or modification completed in order to make a home more accessible to a severely disabled person, whether the base-year value is transferred or not. The construction of an entirely new addition, such as a bedroom or bath, which duplicates existing facilities in the original or replacement dwelling that are not available to the disabled person because of his or her disability, may also be excluded from reassessment.

## **Why Was It Enacted?**

It enables severely and permanently disabled persons to move to a replacement home or modify their original home to satisfy disability related requirements and/or alleviate the financial burdens caused by the disability.

## **How Does The Proposition Work?**

When a severely and permanently disabled person purchases or constructs a new residence it is not reassessed. The factored base-year value of the original residence is transferred to the replacement residence. If construction, installation or modification is done to specifically satisfy disability related requirements, the construction is not assessed.

## **When Is This Proposition Effective?**

The replacement residence must have been purchased or the construction of additional improvements completed on or after 6/6/1990.

## **Who Qualifies?**

The Revenue and Taxation Code defines "a severely and permanently disabled person" as any person who has a physical disability or impairment which results in a functional limitation as to employment, or substantially limits one or more major life activities of that person, and which has been diagnosed as permanently affecting the person's ability to function.

## **Where Are Claim Forms Available?**

Claims forms are available at the Assessor's Public Service Counter, Room 225 of the Kenneth Hahn Hall of Administration and at District offices.

## **Proposition 110 Legal Reference:**

Sections 69.5 & 74.3 of the Revenue & Taxation Code.

## **Proposition 110 Eligibility Requirements:**

1. At the time the original dwelling is sold, the applicant or the applicant's spouse must be severely and permanently disabled. At the time the dwelling is modified a permanent resident must be severely and permanently disabled.
2. The move to the replacement dwelling or modifications to the original dwelling must be to satisfy disability related requirements, or to alleviate the financial burdens caused by the disability.
3. The applicant's original dwelling at the time of sale, as well as the replacement dwelling, must both be eligible for the Homeowners' Exemption.
4. The original dwelling may be located anywhere in California if the replacement dwelling is located in Los Angeles County.
5. The replacement dwelling must have a market value equal to or less than that of the original dwelling.
6. The replacement dwelling must have been purchased, or the construction of additional improvements completed on or after June 6, 1990.
7. The replacement dwelling must be purchased or newly constructed within two years (before or after) of the sale of the original property.
8. The disabled person, spouse or legal guardian must submit a Physician's Certificate of Disability with the claim.

**For Public Service, call (213) 974-3211.**

# Questions & Answers regarding Proposition 110

- Q. If I think I qualify for the Proposition 110 Exclusion, how do I **apply**?
- A. *You must provide proof of severe and permanent disability and file a claim with the Assessor who will then determine if you qualify.*
- Q. What is appropriate proof of a severe and permanent disability?
- A. *A certificate signed by a licensed physician or surgeon of appropriate specialty attesting to the claimant's severe and permanent disability.*
- Q. What is the deadline for filing?
- A. *Within three years of purchasing or completing new construction of the replacement property.*
- Q. Must my replacement dwelling always have a market value equal to 100% or less than that of my original dwelling?
- A. *It depends upon **when** you purchase the replacement property. Your replacement property must be:*
- ♦ ***100 % or less** of the market value of the original property if the replacement property is purchased **before** the original property is sold.*
  - ♦ ***105% or less** of the market value of the original property if the replacement property is purchased **within the first year** after the original property is sold.*
  - ♦ ***110% or less** of the market value of the original property if the replacement property is purchased **within the second year** after the original property is sold*
- Q. If the current full market value of my replacement dwelling slightly exceeds the "equal to or less than" test of my original dwelling, may I receive partial benefit?
- A. *No. There is no partial benefit. It is "all or nothing."*
- Q. When making the "equal to or less than" value test, is a simple comparison of the sales price of the original property and the purchase price/cost of new construction of the replacement dwelling all that is needed?
- A. *No. The comparison must be made using the full market value of the original property as compared to the full market value of the replacement dwelling as of the date of purchase/completion of the new construction. (Note: Sales/purchase price is not always the same as market value. The Assessor will determine the market value of each property.)*
- Q. Must the severely and permanently disabled person be the owner of the dwelling which has been modified for the purpose of making that dwelling more accessible to the disabled person?
- A. *No. The severely and permanently disabled person does not have to be the owner of the dwelling, but must be a permanent resident of the dwelling*

**For additional questions, call the Ownership Division's Propositions Unit at (213) 893-1239.**