What are Propositions 60 & 90?

Fast Fact #51

Propositions 60 & 90 are constitutional initiatives passed by California voters. They provide property tax relief by preventing reassessment when a senior citizen sells his/her existing residence and purchases or constructs a replacement residence worth the same or less than the original.

Why Were They Enacted? They encourage a person, age 55 or older to "move down" to a smaller residence. When a senior citizen acquires a replacement property worth less than the original property, he/she will continue to pay approximately the same amount of annual property taxes as before.

How Do These Propositions Work? When the senior citizen purchases or constructs a new residence, it is not reassessed, if he/she qualifies. The Assessor transfers the factored base value of the original residence to the replacement residence. Proposition 60 originally required that the replacement and the original be located in the same county. Later, Proposition 90 enabled this to be modified by local ordinance. Los Angeles County enacted an ordinance to provide that when the replacement is located in Los Angeles County, the original property may be located in any other California county.

Who Qualifies? The seller of the original residence, or spouse who resides with the seller, must be at least 55 years of age at the time of the sale.

When are these Propositions Effective? The replacement residence must have been purchased or constructed on or after November 5, 1986 if the original was located in Los Angeles County. The replacement residence must have been purchased or constructed on or after November 9, 1988 if the original was located in any other California county. Claims must be filed within three years following the purchase of the replacement residence.

Proposition 60 / 90 Eligibility Requirements

- The replacement property must be the owner's principal residence and eligible for the Homeowners' Exemption. The original property, at the time of its sale, must have been eligible for the Homeowners' Exemption, or entitled to the Disabled Veterans' Exemption.
- The seller of the original residence, or a spouse residing with the seller, must be at least 55 years of age, as of the date that the original property is transferred.
- This is a one-time only filing. Proposition 60/90 relief cannot be granted if the claimant, or spouse, was granted relief in the past.
- The replacement property must be purchased or newly constructed within two years (before or after) of the sale of the original property.
- If the replacement is purchased in Los Angeles County, the original can be located in Los Angeles County or any other California county. Several other counties have passed similar Proposition 90 local option ordinances. If your original is in Los Angeles County, and you want to relocate in another county, contact that county for Proposition 90 eligibility.
- The owner must file an application within three years following the purchase date or new construction completion date of the replacement property.
- Proposition 60/90 relief includes, but is not limited to: single family residences, condominiums, units in planned unit developments, cooperative housing corporation units or lots, community apartment units, mobile homes subject to local real property tax, and owners' living premises which are a portion of a larger structure.
- In most instances, if more than one owner of an original property is eligible for Proposition 60/90, they must choose among themselves which one will use the benefits.
- The replacement property must be of equal or lesser "current market value" than the original.

What does "equal or lesser value" of a replacement property mean?

The market value of the replacement property as of the date of purchase must be equal or less than the market value of the original property on the date of sale. The meaning of "equal or lesser value" depends on when you purchase the replacement property. In general, equal or lesser value means:

- 100% or less of the market value of the original property if a replacement property were purchased or newly constructed before the sale of the original property, or
- 105% or less of the market value of the original property if a replacement property were purchased or newly constructed within the first year after the sale of the original property, or
- 110% or less of the market value of the original property if a replacement property were purchased or newly constructed within the second year after the sale of the original property.

In determining whether the "equal or lesser value" test is met, it is important to understand that the market value of a property is not necessarily the same as the sale or purchase price. The assessor will determine the market value of each property. If the market value of your replacement dwelling exceeds the "equal or lesser value" test, no relief is available.