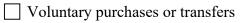
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## PROPOSITION 19 – INTERGENERATIONAL TRANSFER EXCLUSION SELF STUDY SESSION - REVIEW QUESTIONS

For the following questions, refer to Letter to Assessors 2022/012, *Implementation of Proposition 19, Intergenerational Transfer Exclusion*.

- 1. Senate Bill \_\_\_\_\_\_ added section \_\_\_\_\_ to the Revenue and Taxation Code to implement the intergenerational transfer exclusion provisions that are contained in article \_\_\_\_\_\_, section \_\_\_\_\_\_ of the California Constitution, which was added to the Constitution under \_\_\_\_\_\_.
- 2. What date did the intergenerational transfer exclusion provisions become operative?
  - September 30, 2021
     January 1, 2022
  - February 16, 2022
  - November 3, 2020
  - E February 16, 2021
- 3. The provisions of Revenue and Taxation Code section 63.2 repealed the former parent-child and grandparent-grandchild transfer exclusion provisions under Revenue and Taxation Code section 63.1 for all intergenerational transfers taking place on or after January 1, 2022.
  - \_\_\_\_\_ True
  - False
- 4. Under section 63.2, the term "purchase or transfer" includes which of the following? Mark all that apply.
  - Involuntary transfers resulting from a judicial decree



- Involuntary transfers resulting from a court order
- Uvoluntary transfers by operation of law
- Transfers through medium of an intervivos or testamentary trust
- All of the above.

5. Revenue and Taxation Code section 105 defines real property.

- False
- 6. For purposes of the intergenerational exclusion, real property includes which of the following? Mark all that apply.
  - Buildings, structures, fixtures, and fences erected on or affixed to the land

Land

- A pro rata ownership interest in a mobilehome park
- All mines, minerals, and quarries in the land
- All standing timber
- Interest in a legal entity
- An interest in a unit or lot within a cooperative housing corporation
- Fruit, nut bearing or ornamental trees and vines, not of natural growth, and not exempt from taxation, including date palms under eight years of age.
- A pro rata ownership in a floating home marina
- All of the above
- Revenue and Taxation Code section 63.2(a)(1) provides that a change in ownership does not include the purchase or transfer of real property between parents and their children or, under limited circumstances, between grandparents and their grandchildren that is the principal residence of the transferor (family home).

False

8. Revenue and Taxation Code section 63.2(a)(1) defines a family home or principal place of residence as a dwelling that is eligible for a homeowners' exemption or a disabled veterans' exemption as a result of the transferor's ownership and occupation of the dwelling.

True

9. Under Revenue and Taxation Code section 63.2(a)(1), which of the following are true? Mark all that apply.

The exclusion for a family home applies to a subsequent eligible transferee, as long as the subsequent transferee establishes the home as a principal residence and files for either the homeowners' or disabled veterans' exemption within one year of the previous eligible transferee's move-out date.

The family home must become the principal residence of the transferee within one year of the date of purchase or transfer.

Within the one-year period, the transferee must file for either the homeowners' or disabled veterans' exemption.

All of the above

10. Which Revenue and Taxation Code section provides that a family home or principal residence includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence?

Section 63.2(a)(1)
 Section 63.2(e)(8)
 Section 62.5
 Section 63.2(e)(5)
 Section 63.1

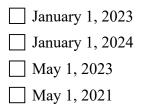
- 11. The area of reasonable size that is used as a site for the residence is determined by a \_\_\_\_\_\_ on a \_\_\_\_\_\_ basis.
- 12. If the family home becomes ineligible for the homeowners' or disabled veterans' exemption, the exclusion will be removed as of the date the eligible transferee or subsequent eligible transferee is no longer eligible for either exemption.

	True
$\square$	False

13. The value to be enrolled as of the lien date following the date the exclusion no longer qualifies is the full cash value established as of the change in ownership date (new base year value), adjusted annually for inflation (factored) for the period between the date of change in ownership and the date of enrollment.

True

14. Parent transfers their principal residence to their child on May 1, 2021. On the date of transfer, the principal residence has a factored base year value of \$325,000 and a full cash value of \$1,200,000. The child meets all intergenerational transfer exclusion requirements, and the exclusion is applied. The factored base year value of \$325,000 does not change. On May 1, 2023, the child moves out of the principal residence and no longer qualifies for the exclusion. On what date is the exclusion removed?



- June 1, 2023
- 15. Using the same scenario in Question 14, what is the new factored base year value to be enrolled as of the January 1, 2024, lien date? For purposes of this calculation, we are assuming an inflation rate of 2 percent for each lien date.
  - \$1,248,480
    \$1,273,450
    \$344,893
    \$1,200,000
    \$338,130
- 16. When an eligible transferee moves out of the family home and no longer qualifies for the intergenerational exclusion, it is considered to be an event that is either a change in ownership or completion of new construction and therefore a supplemental assessment is warranted.
  - True True
- 17. Revenue and Taxation Code section 63.2(e)(4) defines a "family farm" as

18. A legal parcel that is part of a family farm containing a family home may qualify separately for the exclusion for a family home.

True True

19. The transfer of a family home or each legal parcel of a family farm is subject to a value cap of \$1 million.

True

False

20. Parent transfers their principal residence to their child on November 29, 2021. On the date of transfer, the principal residence has a factored base year value of \$550,000 and a full cash value of \$1,975,000. The child meets all intergenerational requirements, and the exclusion is applied. What is the value cap of this transfer?

\$1,000,000

\$1,975,000

\$2,525,000

- \$1,550,000
- 21. Using the same scenario in Question 20, what is the new taxable value to be enrolled as of the date of the transfer?
  - \$550,000

\$1,525,000

\$425,000

\$975,000

- \$1,425,000
- 22. Parent transfers their principal residence to their child on May 15, 2021. On the date of transfer, the principal residence has a factored base year value of \$295,000 and a full cash value of \$1,100,000. The child meets all intergenerational requirements, and the exclusion is applied. What is the value cap of this transfer?

\$1,100,000	
\$1,000,000	
\$1,295,000	
\$1,395,000	

- 23. Using the same scenario in Question 22, what is the new taxable value to be enrolled as of the date of the transfer?
  - \$805,000
  - \$295,000
  - \$1,395,000
  - \$1,100,000
- 24. For purposes of the intergenerational exclusion, "child" is defined as which of the following? Mark all that apply.
  - Any stepchild of the parent or parents and the spouse of that stepchild while the relationship of stepparent and stepchild exists.
  - Any foster child of a state-licensed foster parent, if that child was not, because of a legal barrier, adopted by the foster parent or foster parents before the child aged out of the foster care system.

Any child born of the parent or parents, except a child who has been statutorily adopted by another person or persons.

- Any child adopted by the parent or parents pursuant to statue, including an individual adopted after reaching 18 years of age.
- Any in-law child of the parent or parents.
- All of the above
- 25. The relationship of stepparent and stepchild is deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.
  - True
  - False
- 26. The intergenerational exclusion between grandparents and grandchildren only applies in situations where one parent of the grandchildren, who is a child of the grandparent, is deceased as of the date of the transfer.

True

	False
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- 27. The sole exception to the \_\_\_\_\_\_ requirement for the intergenerational exclusion between grandparents and grandchildren is that a \_\_\_\_\_\_ of the grandchild \_\_\_\_\_\_ need to be \_\_\_\_\_\_ in order to qualify for the transfer exclusion.
- 28. The intergenerational exclusion applies to which of the following transfers? Mark all that apply.

Transfer of real property from grandparent to grandchild

Transfer of real property from child to parent

Transfer of personal property from parent to child

- Transfer of real property from grandchild to grandparent
- All of the above
- 29. In order to grant an exclusion from a change in ownership for a transfer of a family home, what claim forms must be filed with the Assessor of the county where the property is located?
  - •
- 30. For the intergenerational transfer exclusion, each transferor and one of the eligible transferees must provide a written certification attesting as to the parent-child or grandparent-grandchild relationship.

True

False

- 31. The BOE created new forms, BOE-19-P and BOE-19-G, for claiming eligibility for the intergenerational transfer exclusions.
  - True

- 32. An intergenerational transfer exclusion may be granted as of the date of purchase or transfer if the proper claim form is filed prior to the following dates:
  - 1.
  - 2.
- 33. If a transferee files an intergenerational transfer claim form on August 20, 2024 and is provided prospective relief, the relief will be applied as of the January 1, 2025 lien date.
  - True
  - False
- 34. Pursuant to Revenue and Taxation Code section 63.1, claim forms associated with the intergenerational transfer exclusion are confidential and not subject to public inspection.
  - True

**False** 

35. Revenue and Taxation Code section 63.2(g) allows a County Assessor to authorize a one-time processing fee of no more than \$175, to recover costs incurred by the County Assessor due to the failure of an eligible transferee to file a claim for the intergenerational transfer exclusion after two written requests.

True

False

- 36. The one-time processing fee may be levied only if an \_\_\_\_\_\_ was previously sent \_\_\_\_\_\_ notices by the County Assessor requesting that a claim be filed, to which the transferee did not respond.
- 37. The 45- and 60-day filing periods for the notification of potential eligibility for the parent-child or grandparent-grandchild transfer exclusion are for the purpose of determining whether a processing fee is levied and supersedes the three-year or third-party transfer deadlines.

True

- 38. The State Board of Equalization adopted what regulation, which went into effect on January 1, 2022?
  - Revenue and Taxation Code section 63.2
  - Property Tax Rule 462.520
  - $\Box$  Article XIII A, section 2.1(c)
  - Letter to Assessors No. 2021/054

## For the following questions, refer to **Property Tax Rule 462.520**.

39. If the transfer of real property between parents and their children or between grandparents and grandchildren is of a family farm, an eligible transferee must file either the homeowners' or disabled veterans' exemption. A family farm is required to include a principal residence to qualify for this exclusion.

True

False

- 40. An Assessor may request any other information reasonably related to the claim they deem necessary to verify the exclusion.
  - $\Box$  True
  - \_\_\_\_ False
- 41. There is no limit to the number of principal residences or family farms of a transferor that may be transferred and excluded from change in ownership.
  - True True
- 42. Which of the following are true of Property Tax Rule 462.520(b)? Mark all that apply.

If a transferee meets the requirements for exclusion under this section, the principal residence or family farm will be assessed at its new base year value.

Upon transfer, the principal residence or family farm obtains a new base year value equal to its full cash value on the date of transfer multiplied by the percent ownership of the principal residence or family farm transferred less the factored base year value of the percent ownership of the principal residence or family farm not transferred.

When the real property is no longer the principal residence or family farm of an eligible transferee as required by subdivision (a)(2) of this rule, the new taxable value upon removal of the exclusion may be determined pursuant to subdivision (d) of this rule.

All of the above

None of the above

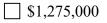
- 43. Parent transfers 60 percent interest in their principal residence to Child and retains 40 percent interest. On April 10, the date of transfer, the principal residence has a factored base year value of \$575,000 and a full cash value of \$1,350,000. The principal residence's new base year value is which of the following?
  - \$1,350,000

  - \$1,040,000
  - \$575,000
- 44. Using the same scenario in Question 43, if the Child meets the requirements for the exclusion, the principal residence will be assessed at its New Taxable Value in accordance with subdivision (c) of this rule. What is the New Taxable Value?
  - \$575,000
  - \$810,000
  - \$1,040,000
  - \$1,350,000
- 45. The New Taxable Value of the principal residence or family farm is the sum of the eligible transferee's new taxable value, the noneligible transferee's new taxable value, and the factored base year value of non-transferred interest.

True

False

46. On June 12, 2022, Parents' principal residence has a factored base year value of \$430,000. The excluded amount is \$1,430,000 (\$1,000,000 plus \$430,000 factored base year value). Parents transfer 65 percent interest in their principal residence to Child and the other 35 percent to a family friend on June 12, 2022. On the date of the transfer, the principal residence has a full cash value of \$1,275,000. What is the New Taxable Value of the principal residence?



- \$1,430,000
- \$430,000
- \$725,750
- \$880,750

- 47. Using the same scenario in Question 46, what would be the New Taxable Value of the principal residence if the full cash value on the date of the transfer was \$2,000,000?
  - \$1,295,750
    \$1,350.000
    \$1,179,000
  - \$1,549,500
  - \$2,000,000
- 48. Parents transfer their principal residence 70 percent interest to Daughter and 30 percent interest to Son. Daughter meets all intergenerational transfer exclusion requirements, and the exclusion is applied. Daughter moves into the home but 2 years later, moves out and rents the property to a third party. Since 100 percent interest in the property is still retained by the Daughter and Son, the intergenerational transfer exclusion still applies and is not removed.

True

False

49. Using the same scenario in Question 48, instead of renting the property to a third party, son moves in within one year of Daughter moving out and meets all the intergenerational transfer exclusion requirements. Since the property became the principal residence of another eligible transferee (Son) within one year, the intergenerational transfer exclusion still applies and is not removed.

] True

False

50. If a transferee does not file the homeowners' or disabled veterans' exemption form within one year of the date of purchase or transfer, the intergenerational transfer exclusion will commence with the lien date of the assessment year in which the claim is filed.

True

51	The Intergenerational Exclusion Cl	laim Form	shall include a	written certif	ication signed	d and
	made under penalty of perjury of wh	hich of the	following? Mar	k all that app	ly.	

That the real property is the transferor's secondary residence or family farm.

That the real property is or will become within one year, the transferee's principal residence or family farm and a homeowners' exemption claim form will be filed.

That the eligible transferee will notify the Assessor if the real property is no longer the principal residence or the family farm of an eligible transferee.

That the transferee is a parent, child, grandparent, or grandchild of the transferor and that the transferor is their parent, child, grandparent, or grandchild.

In the case of a grandparent-grandchild transfer, that one of the parents of the grandchild or grandchildren who qualify as children of the grandparents were deceased as of the date of the transfer.

The property will continue to be the principal residence or the family farm of an eligible transferor.

That the transferor will not file a claim to transfer the base year value of the property under either section 2, subdivision (a) or section 2.1, subdivision (b) of article XIII A of the California Constitution.

All of the above.

52. Any claim	be filed within	after the date of the trans	fer of real
property for whicl	h the claim is filed, or prior to	the	
whichever is	. However, a claim s	hall be deemed to be	if
it is filed within	after the dat	te of mailing of a notice of	
or	, issued as	s a result of the transfer of real pro-	operty for
which the claim is	filed.		

53. Child transfers their principal residence to Parent on May 1, 2021. The property is also the principal residence of the Parent. Parent does not file a claim for the homeowners' exemption at the time of transfer, but files the homeowners' exemption and intergenerational transfer exclusion claim forms on April 1, 2022. On what date will the change in ownership be processed, and a new base year value established?

April 1, 2022

- January 1, 2022
- May 1, 2021
- March 31, 2022

54. Using the same scenario in Question 53, assuming the Parent meets all other eligibility requirements, the Parent shall be entitled to a refund of property taxes previously paid, or a cancellation of taxes previously owed between what dates?

May 1, 2021 and April 1, 2022
May 1, 2021 and March 31, 2022
May 1, 2021 and January 1, 2022

May 1, 2021 and April 30, 2022

55. Parent transfers their principal residence to Child on June 1, 2022. The property is also the principal residence of the Child. Child files an intergenerational transfer exclusion form at the time of transfer but does not file a claim for the homeowners' exemption until a notice of supplemental assessment is received on March 1, 2023. The New Taxable Value for the transfer will be enrolled as of June 1, 2022.

True

False

56. Child transfers their principal residence to Parent on May 1, 2022. Parent files an intergenerational transfer exclusion form at the time of transfer. However, Parent does not move into the property until March 1, 2024 and files the homeowners' exemption form at that time. Because Parent did not move into the property within one year of the transfer, they are only eligible for prospective relief.

True

False

57. Who calculates and publishes the adjustments required by Property Tax Rule 462.520(g)?

Federal Housing Finance Agency

County Assessor

California Secretary of State

State Board of Equalization

58. On what date was Property Tax Rule 462.520 adopted?

January 1, 2022
 January 18, 2023
 July 27, 2021
 November 17, 2022

For the following questions, refer to <u>Letter to Assessors 2023/012</u>, <u>Intergenerational</u> <u>Transfer Exclusion</u>, <u>Adjustment of the \$1 Million Amount</u> and <u>Letter to Assessors 2022/012</u>, <u>Implementation of Proposition 19</u>, <u>Intergenerational Transfer Exclusion</u>.

59. The transfer of a family home or each legal parcel of a family farm is subject to a value cap that is the sum of the property's factored base year value plus \$1 million. Section 2.1(c)(4) of article XIII A of the California Constitution provides that the \$1 million amount is to be adjusted every year beginning in February 2023.

True

False

- 61. For transfers that occur February 16, 2023, through February 15, 2025, the value cap will be the sum of the property's factored base year value plus \$1,022,600.

True True

62. Parent transfers their principal residence to their child on March 1, 2024. On the date of the transfer, the principal residence has a factored base year value of \$475,000 and a full cash value of \$1,200,000. What is the value cap of this transfer?

\$1,200,000
\$1,475,000
\$1,022,600
\$1,497,600
\$1,675,000

- 63. Using the same scenario in Question 62, what is the new taxable value to be enrolled as of the date of the transfer?
  - \$475,000
    \$1,200,000
    \$725,000
    \$547,600
    \$1,675,000
- 64. Parent transfers their principal residence to their child on October 15, 2023. On the date of the transfer, the principal residence has a factored base year value of \$630,000 and a full cash value of \$1,890,000. What is the value cap of this transfer?
  - □ \$1,630,000
    □ \$1,022,600
    □ \$1,652,600
  - \$2,520,000
  - \$1,890,000
- 65. Using the same scenario in Question 64, what is the new taxable value to be enrolled as of the date of the transfer?
  - ☐ \$890,000☐ \$1,260,000
  - \$630,000
  - \$1,237,400
  - \$867,400