

## Crook, Michael

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**From:** My Legal Depot <[joseph@mylegaldepot.com](mailto:joseph@mylegaldepot.com)>  
**Sent:** Sunday, October 2, 2022 9:49 PM  
**To:** Crook, Michael  
**Subject:** [External] Recommendation - Prop Tax Rule 462.520.  
**Attachments:** MLD - BOE Letter Prop 19 REVISED 3-25-2022.pdf

Hi Michael,

I'm way past the 8/19/2022 deadline for recommendations for Prop Tax Rule 462.520 but I had some issues that I think should be addressed in the rule. Forgive my late email as I just saw LTA 2022/037 this evening. The last LTA I read regarding the proposed legislation was LTA 2021/054 when I sent a letter to BOE's Tax and Fee Dept regarding Prop 19.

On March 25, 2022, I emailed Lou Ambrose a question about future reassessment exclusions for an eligible transferee after Prop 19 has been granted and how that would affect the perpetual principal residency requirement. Unfortunately Lou became ill and the assignment has been transferred to Lawrence Lin.

Attached is the letter sent to your Tax and Fee Department requesting an opinion. See PDF.

I think it would be important to address how subsequent transfers will affect the perpetual principal residency requirement.

*Example 7.3 in proposed Property Tax Rule 462.520 reads "Instead of renting the property to a third party, Daughter moves in within one year of Son moving out (which is 5 years after the transfer from Parent) and meets all intergenerational transfer exclusion requirements. At the time Son moves out, he sells his 60 percent interest to Daughter when the full cash value of the principal residence was \$900,000. Although the property became the principal residence of another eligible transferee (Daughter) within one year, since 60 percent interest in the principal residence was transferred to Daughter by Son, 60 percent of the exclusion is removed and 60 percent interest in the principal residence is reassessed, **since there is no exclusion from reassessment for transfers between siblings.** Therefore, the New Taxable Value upon partial removal of the exclusion is \$606,245, which is equal to the reassessed amount of \$540,000 (\$900,000 multiplied by the 60 percent interest sold to Daughter) plus Daughter's retained factored base year value of \$66,245 (\$165,612 multiplied by Daughter's 40 percent interest)."*

This sentence suggests that subsequent transfers by eligible transferees may be exempt under certain circumstances. There are plenty of other exclusions in the Property Tax Rules including interspousal, joint tenancy, proportional transfer rule, co-tenancy, etc.

In the joint tenancy property tax rule 462.040, it is clear what other exemptions could be applied when the joint tenancy deferral period ends. I think it would be extremely helpful to both the Assessor and general public if the BOE includes similar language in Prop Tax Rule 462.520 to describe what subsequent transfers by an eligible transferee would be exempt, if any.

Thanks for your time.

Sincerely,

Joe