

From: john kunst
Sent: Thursday, April 15, 2021 5:41 PM
To: Schultz, Glenna
Subject: [External] Response to PROPOSED PROPERTY TAX RULE 462.540

Dear Ms. Schultz,

We are an "interested party" responding to the State Board of Equalizations' initiated project to add new Property Tax Rule 462.540, *Change in Ownership-Base Year Value Transfers*. There is, indeed, much confusion around the implementation of Prop 19 and its impact on those of us who took ownership of our homes under Prop 13. The local Butte County Assessor office does not have clear answers to our questions and it is understandable after reading the material sent out by David Yeung. It appears there is much untangling and deciphering of intentions of Prop 19 to define in order to implement it.

Two of the "key" intentions of Prop 19 appear to be, expanding the "qualifying" parties of interest to include victims of wildfire or natural disasters and expand the opportunity for relocation to include the entire state of California.

As victims of the Camp Fire, the proposals for the tax rule project outlined in the memo, appear to have left out those of us who "lost" our homes by involuntary conversion. Most of us DO NOT have a residence to sell. All of the examples, used in the memo to add clarity to the rules, only referred to homeowners who were selling an existing home and purchasing another to transfer base year value to another. Repeatedly the term, "change in ownership" is used and refers to a residence. What is the status of those homeowners, like ourselves, who have NO home remaining? We have the land it sat on and the funds provided by insurance payouts but have NOT made the decision on whether to rebuild or purchase a home. How does the 2 years relate to this category of homeowner? How does "sale of the original primary residence" apply to those of us who no longer have a primary residence to sell? Is it triggered by the "sale" of the raw land we DO have remaining? Is there another section of "rules" not included in the 462.540 section to relate to our "suspended" circumstance? If not, it seems there is a need for it.

Another "undiscussed" element of the proposed rules being considered does not speak of the secondary homes owned under Prop 13. As an example: we purchased my parents' home in which I grew up (my parents owned it as their primary residence for 50 years) in 2009. At the time, under Prop 13, we were NOT required to "live" in it in order to transfer their tax base. Our "future" plans were to move into the home when we retired. Unfortunately, besides losing our own primary residence we also lost the home purchased from my parents. Prop 19 does NOT allow one to use a family transferred home as a rental without triggering the loss of the original tax base. We acquired the home under the Prop 13 allowance of such a transfer, lost the home, and now need to replace it but have NO knowledge of how our taxes will be impacted. The local assessor office does not know either. I am sure there are 100's of thousands of family transferred properties with the same status as ours. All original homes were primary residences and transferred to a child or grandchild under Prop 13. What will happen to these properties? Unlike, the huge number of homes mentioned in the above sentence, our home was destroyed and we need to replace it or face substantial Federal Capital gain taxes. If there had been no fire we would still be renting out my parents' home for an affordable rent due to our transferred tax base. If all individuals owning transferred homes under Prop 13 and using them as rentals are suddenly all required to pay full value tax rates, any affordable rental sector still existing in California will be completely eliminated. It seems that all homes originally acquired under Prop 13 in which one was NOT required to live in the home should remain with that status until they are passed on to the next family owner. At that time, which falls after April 1, 2021 the new owner will need to "reside" in the residence in order to keep the base year tax. At this time I can find no information relating to this category and it needs to be addressed. Another question: would the 2 year time frame be triggered by the sale of the land for those wildfire victims who have lost their home used as a rental?

Thank you for forwarding my concerns, questions, and suggestions to those working on the Tax Rule 462.540

In sincere interest for clarity,

Vicki and John Kunst, homeowners, over 55, and wildfire victims