

## YES ON PROPOSITION 5

Developed by the California Association of Realtors, endorsed by the California Chamber of Commerce, Prop 5 is called the **“Property Tax Fairness Initiative”**. The official ballot title reads “Changes Requirements for Certain Property Owners to Transfer Their Property Tax Base to Replacement Property Initiative Constitutional Amendment and Statute”.

Basically, Proposition 60 (1968- approved by voters) and Proposition 90 (1988 – approved by voters) expanded Proposition 13 protections by allowing homeowners over age 55, or the severely disabled, to transfer the taxable value of their current home to a replacement residence of equal or lesser value, within 2 years of the sale of the home, within the same county of residence or a participating county.

Here is a synopsis of Prop 5 as written in the official arguments:

### **“PROP. 5 GIVES ALL SENIORS (55+) AND SEVERELY DISABLED THE RIGHT TO MOVE WITHOUT PENALTY**

PROP. 5, the Property Tax Fairness Initiative, eliminates the “moving penalty” that exists today in order to protect seniors (55+) and severely disabled people who want to move to safer, more practical homes or closer to their families. PROP. 5 limits the property tax penalties they could face if they purchase another home in any county of the state.

### **PROP. 5 ELIMINATES MOVING CHALLENGES FOR SENIORS (55+)**

Millions of California seniors live in homes that are inadequate for their needs—whether too big, too many stairs, or simply too far away from their family and loved ones. Under PROP. 5, senior homeowners (age 55+) would be able to transfer their home’s current taxable value, no matter where in the state they might choose to move.

### **PROP. 5 EMPOWERS RETIREES LIVING ON FIXED INCOMES**

Most retirees live on a fixed income, often from a pension and/or Social Security. PROP. 5 eliminates the possibility of a 100%, 200%, or even 300% increase in property taxes that retired teachers, firefighters, police, and other retirees often have to pay if they want to sell their current home to buy another one somewhere else in California.

### **PROP. 5 PROTECTS AGAINST PROPERTY TAX BASE “MOVING PENALTY”**

Under current California law, property taxes are capped at a small percentage of the value of the property when purchased. This becomes known as the property’s “tax base.” In addition, there is a limit on how much property taxes can increase annually. Seniors and the severely disabled are often on fixed incomes and can’t afford large property tax increases. But if they choose to move to a new home, their “tax base” will often increase dramatically due to the rise in home prices over the past several decades. PROP. 5 protects these Californians from this “moving penalty” by allowing them to keep a lower, fairer tax base.

### **PROP. 5 EXTENDS THE BENEFITS OF PROP. 13, BRINGS TAX STABILITY AND PEACE OF MIND**

PROP. 5 eliminates the “moving penalty” that exists today that is contributing to the housing shortage in California. Just as Prop. 13 (1978) prevented millions of seniors from being taxed out of their homes, PROP. 5 will help millions more today. PROP. 5 will help alleviate the housing shortage and will bring tax stability and peace of mind for millions of middle-class and working-class families throughout California.

### **PROP. 5 EMPOWERS SEVERELY DISABLED PEOPLE TRAPPED IN INADEQUATE HOMES**

Many severely disabled people in California live in homes that are no longer safe or practical for them, but they cannot afford to move because their property taxes could skyrocket if they buy a new home elsewhere in California. This could happen even if they move to a less expensive home. Under PROP. 5, severely disabled homeowners would be able to move to more suitable homes without being subjected to the “moving penalty.” “

The proposition is opposed by the California Teachers Association.