

# NO on Prop 5

## CSBA **OPPOSES** Proposition 5: Property tax transfers

### What current law says

Under current law (as enacted by Proposition 13 in 1978), homeowners 55 years of age or older or severely disabled homeowners are allowed to transfer their property tax assessment to a new home of equal or lesser value once in their lifetime.

This transfer is typically limited to purchasing a residence within the same county, unless it is approved by the receiving county.

This provision is meant to protect this group of homeowners from experiencing higher property taxes when selling a larger house they bought decades earlier and “downsizing” to a smaller home.

### What happens if Proposition 5 passes:

This lower property tax base could follow these homeowners around the state as many times as the homeowner moves without any increases in their property taxes, and without regard to the new home’s size, actual current value or its location in the state.

Proposition 5 changes the one-time downsizing protections into a lifetime of investment benefit at the expense of schools and other local public services.

### Proposition 5 hurts schools:

Short-term costs to schools:  
**\$100 million or more annually**

Long-term costs to schools:  
**\$1 billion annually**



*Based on estimates from the Legislative Analyst's Office on fiscal effects to schools and other local governments.*

There are approximately 80 **basic aid school districts and basic aid county offices of education** in California — basic aid school districts and basic aid county offices are those which are funded primarily by local property taxes and receive little state aid.

**Basic aid school districts and basic aid county offices of education** would be impacted directly by loss of revenues, depending on the number of transfers into their jurisdictions. Basic aid districts and basic aid county offices of education would have no way to recoup this lost revenue other than by attempting to raise revenues through a parcel tax.

**LCFF-funded school districts and county offices of education** would be backfilled by the state General Fund, as currently happens under LCFF, putting additional strain on the state General Fund to adequately support schools. With local school district and county office of education budgets already under heavy strain due to increases in costs such as healthcare, energy and others, Proposition 5 represents yet another financial pressure that takes more money out of California’s classrooms.

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