

Why it is essential to Repeal the Death Tax

Background from the Howard Jarvis Taxpayers Association

California voters have been emphatic that they do NOT want state inheritance taxes.

In 1982, by an overwhelming vote of nearly two-thirds of the electorate, Californians repealed the state's inheritance and gift taxes and prohibited state and local governments from enacting such taxes again.

By 1986, rapidly rising property values had created a new "inheritance tax" problem for California families. When properties were transferred from parents to children, they were reassessed to market value just as if they had been sold. Californians who inherited property from their parents suddenly faced wildly unaffordable property taxes.

Californians were angry, so much so that the Legislature wrote a constitutional amendment to exclude certain family property transfers from reassessment.

The measure that became Proposition 58 in 1986 ***passed the Legislature by a unanimous vote in both houses***. It was approved by more than 75% of voters statewide.

Proposition 58 said parents and children could transfer a home of any value and up to \$1 million of assessed value of other property, and that would ***not*** be considered a "change of ownership." This meant that long-held family businesses, rental properties and homes could be passed on to the next generation without ruinous tax increases that forced children to sell the properties their parents worked so hard to keep.

For more than thirty years, Proposition 58 protected the economic gains of hard-working California families. And now, ***it's gone***.

In 2020, Proposition 19 repealed Proposition 58 as well as Proposition 193, a similar measure that extended the same protections to property transfers between grandparents and grandchildren if the children's parents were deceased.

Proposition 19 passed ***very narrowly*** after a costly ad campaign that emphasized its benefits for seniors, wildfire victims and disabled homeowners. Today, as voters discover the provision that requires the reassessment to market value of properties transferred within families – with only limited exceptions – anger is growing. Countless California families who lose a parent will receive a new tax bill along with the sympathy cards.

When asked directly and clearly, California voters have said they do not want the tax code to force families to sell the properties they have worked so hard to acquire. Proposition 58 and Proposition 193 must be reinstated. **The Repeal the Death Tax Act initiative will do that.**

In the News:

“We are not talking about \$25 million palaces in Malibu. We are talking about humble homes. Middle-class homes. I live in the Bay View community (of San Francisco). We’re talking about Baldwin Hills of Los Angeles or Encanto in San Diego and other communities throughout California. Homes that were purchased for \$100,000 decades ago that now have a market value of over \$1 million. **These homes were paid for through hard work and could be potentially lost.**”

Malia M. Cohen, Member of the State Board of Equalization

Los Angeles Sentinel

February 4, 2021

“BOE Member Malia Cohen Raises Red Flag on Bank-Breaking Prop 19 Tax Costs” By Antonio Ray Harvey, California Black Media

<https://lasentinel.net/boe-member-malia-cohen-raises-red-flag-on-bank-breaking-prop-19-tax-costs.html>

“Proposition 19 may actually drive working-class families of modest means into selling their homes, family farms as well as other property to avoid **an enormous unintended tax burden because the property faces reassessment.**”

Jeff Prang, Los Angeles County Assessor

Santa Clarita Valley Signal

March 1, 2021

“Update on Prop 19, inheritance concerns” By Jeff Prang

<https://signalscv.com/2021/03/update-on-prop-19-inheritance-concerns/>

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