

Repeal the Death Tax Act

*An initiative to **Protect Proposition 13** for our children*

What: An initiative to amend the state constitution to restore the ability of parents to transfer property to their children upon death without triggering a reassessment and increase in property taxes.

Why: Many voters did not understand that Proposition 19, which passed narrowly in November 2020, took away constitutional protections that allowed families to keep their properties that parents worked hard to acquire.

Who: The Howard Jarvis Taxpayers Association, California's most influential taxpayer advocacy group and the proponent of taxpayer protection initiatives including Proposition 13 (1978) and Proposition 218 (1996), is the proponent of the **Repeal the Death Tax Act**.

Background: California voters have repeatedly and emphatically rejected death taxes. Two ballot measures that were overwhelmingly approved in 1982 abolished and banned state inheritance and gift taxes. Soon after, with rising real estate values leading to unaffordable spikes in property tax bills upon reassessment of property transferred within families, the Legislature unanimously passed a measure to exclude homes and a limited amount of other property from reassessment when transferred between parents and children. This became Proposition 58 on the 1986 ballot and was approved by more than 75% of voters. In 1996, voters approved Proposition 193, extending the same tax rules to property transfers between grandparents and grandchildren if the children's parents were deceased.

The problem: In 2020, Proposition 19 was presented to voters with a costly ad campaign that emphasized tax benefits for wildfire victims, disabled people and seniors, but failed to explain that the measure repealed the constitutional protections in Propositions 58 and 193. Proposition 19 has effectively reinstated a death tax in California. Reassessment of long-held family properties to market value upon the death of a parent means children who can't come up with the cash to pay the new annual property tax bill will be forced to sell the family property.

The impact: Generational wealth-building, so important to families working their way up the economic ladder, was put at severe risk by Proposition 19's repeal of Propositions 58 and 193. Decades of hard-won progress in communities across California will be set back by the forced sale of homes, small businesses and mom-and-pop rental properties.

The solution: The **Repeal the Death Tax Act** will restore Proposition 58 and Proposition 193 to the state constitution. It is retroactive to February 16, 2021 (the effective date of Prop. 19). To further protect families, the measure adds an adjustment for inflation to the exclusion from reassessment for a limited amount of other property in addition to the primary residence.