

HJTA is the Taxpayers' Resource • www.hjta.org



Taxing Times

★ ★ ★ ★ ★
★ "Eternal vigilance is the price of liberty."
★ Often quoted by
★ Howard Jarvis ★

The Official Newsletter of the Howard Jarvis Taxpayers Association ★ Howard Jarvis, Founder ★ Vol. 48, Issue 2 ★ Spring 2022

DOWN TO THE WIRE TO REPEAL THE DEATH TAX



With the clock ticking toward the April 26 deadline, your Howard Jarvis Taxpayers Association has been in overdrive for months in the effort to collect, sort and deliver more than a million signatures to the Registrar of Voters in each of California's 58 counties.

As *Taxing Times* goes to press, we don't know how it's going to turn out. But we do know that this has been the most intense grassroots campaign to qualify an initiative for the ballot since Proposition 13 in 1978.

By the end of February, more than 4,000 volunteers had signed up at the Repeal the Death Tax

website to circulate petitions and collect signatures. In addition, more than 3,000 Members of HJTA had separately requested petitions to sign and circulate.

The outstanding HJTA staff has gone above and beyond the great work they usually do to take on the challenge of mailing out petitions, flyers and other materials to thousands of concerned voters all across California, from Crescent City to Chula Vista and from Modoc to Montecito.

HJTA has forged alliances with a long list of coalition members who have signed on to support the effort to Repeal the Death Tax. Our

partners have blasted e-mails to their membership and opened their offices to serve as petition pickup and drop-off sites. The Death Tax has many opponents and, it appears, few friends.

It was back in 1982 when Californians overwhelmingly voted to abolish and ban inheritance and gift taxes, making it clear that the death of a loved one was not an occasion for the government to swoop in and force the sale of family property.

Then in 1986, as more and more families painfully discovered that an inheritance of homes and other property was treated as a "change

of ownership" that triggered reassessment to market value, the Legislature responded by passing — unanimously — a proposed constitutional amendment that said parent-child transfers of a home and a limited amount of other property were *excluded* from reassessment. This proposal went on the ballot as Proposition 58 and was approved by 75% of voters.

Ten years later, the voters approved Proposition 193, which extended the same rules to transfers of property between grandparents

Continued on page 8

NEW MAPS, NEW DISTRICTS, NEW FACES

Voters may see new and unfamiliar names on their June primary ballots. Every ten years, the process of drawing new lines for legislative districts shakes up politics, and this is the year.

The U.S. Constitution requires a decennial census in order to count the population and apportion the

seats in Congress, where a state's representation is determined by its share of the nation's population. (In the U.S. Senate, each state is represented by two senators, regardless of population.)

This year, California lost a congressional seat for the first time in its history, dropping from 53

representatives to 52.

Once the number of representatives for each state is determined, the states draw new lines for the congressional districts. This can sometimes dislodge longtime incumbents from what previously were safe seats. Although members of Congress

are not required to live in their districts, the new maps frequently slice away neighborhoods of reliable supporters and add other neighborhoods where voters have been casting their ballots for somebody else.

The states also draw new
Continued on page 9

Taxing Times



Published by the Howard Jarvis Taxpayers Association (HJTA). Susan Shelley, Editor. ISSN: 1092-8766

Headquarters
621 S. Westmoreland Avenue, Suite 200
Los Angeles, CA 90005-3971
(213) 384-9656

**Bad Bills
Stall in the
Assembly**

See page 4

**Endorsements
for the June 7
Primary Election**

See page 5

**New Initiative
to Defend
Prop. 13**

See page 10



PRESIDENT'S MESSAGE 

NEWSOM BUDGET: THE GOOD, THE BAD AND THE UGLY *By Jon Coupal*

The governor's budget is a tale of the good, the bad and the ugly. We won't see a real state budget until it emerges from the smoke-filled backroom following the May revise, but that didn't stop Gov. Gavin Newsom from gleefully announcing to reporters how he would like to spend the windfall of other people's money in a 400-page "summary" presented in January.

Here's the good, the bad and the ugly of his proposal.

THE GOOD.

The governor's budget puts more money into the reserve accounts, accelerates the paydown of state retirement liabilities, eliminates some budgetary debt and allocates 86 percent of the discretionary surplus to one-time spending rather than ongoing liabilities, which has so often happened in past years.

That's good because the good times won't go on forever. While the budget projects healthy returns for the next couple of years, it notes that "[s]tructural (nonpandemic) downside risks to the forecast remain, including the challenges of an aging population, declining migration flows, lower fertility rates, higher housing and living costs, increasing inequality, and stock market volatility."

That's important because the top 1% of California taxpayers pay more than 50% of the state's income tax revenues. The state is currently riding high on the wealthy's stock market gains, but as the Federal Reserve starts raising interest rates, the party could be coming to an end, and soon.

THE BAD.

The bad is that an already bloated bureaucracy is getting even more bloated.

Under the requirements of Proposition 98, increases in spending for public schools and community colleges will be dramatic and, as has been much talked about in these pages recently, California's public schools aren't hurting for cash as it is.

According to the federal government's National Center for Education Statistics, in inflation-adjusted constant dollars, per-pupil spending in California for public elementary and secondary schools in 2017-18, the most recent year for which statistics are available, was \$13,129, the highest ever.

Under the governor's budget, schools would see more than \$20,000 per student, putting California in the top five of states in education spending — with little to show for it.

Even worse is the fact that there is little in the budget to address waste, fraud and abuse generally, not just in education. There is nothing to prevent another fiasco like we saw with the \$20 billion in fraudulent claims paid by the Employment Development Department. Plus, there's still no accountability with the bullet train project; in fact, the boondoggle is getting billions more.

THE UGLY.


Now for the ugly. Part of the anger in 1978 that propelled Proposition 13 to passage was


Gov. Jerry Brown's admission that California was sitting on a massive surplus. Jesse Unruh, California state treasurer at the time, labeled it as "obscene." Folks losing their homes to high taxes while the state sat on more money than it needed was simply too much for California voters to bear.

Now California's budget stands at a record-breaking \$286.4 billion and includes a \$45.7 billion surplus. It's more than double the surplus that had Californians so angry in 1978.

We wondered aloud how long voters would again stand for the state's current "obscene" surplus while we lead the nation in poverty, and skyrocketing inflation makes it even harder to hang on — just like it did in 1978. The governor's budget seemingly acknowledges that fact. The budget projects that the Gann Spending Limit, a constitutional provision requiring surplus funds to be returned to taxpayers, will be exceeded in the 2020-21 and 2021-22 fiscal years.

The problem, though, is that through their shell games, the Legislature can avoid returning that money to taxpayers (as they have done for decades), but the question is, what will Californians do about it? Things could get ugly.

 **BOARD OF DIRECTORS**

 Gloria Phillips Bill Kelso
 Craig Mordoh Gary Holme
 Trevor Grimm
In Memoriam - 1938-2019

 *Heritage Society*

We thank and appreciate the following for their generous donations:

The Selck Family,
in the name of Lester John Selck and Jane Selck

The Gardner Grout Foundation

The Benson Foundation

The Allan W. and Elizabeth A. Meredith Trust

Baker Family Donor Advised Fund
at the Rancho Santa Fe Foundation

The Stanley E. Corbin Trust

The V. Lorel Bergeron Trust

A big "Thank You" to the Members of the *Heritage Society* who help make our work on behalf of taxpayers possible!

PRESERVE THE BENEFITS OF PROPOSITION 13

At the Howard Jarvis Taxpayers Association, we have received a number of inquiries from those wishing to help us preserve the benefits of Proposition 13 for their children, grandchildren and heirs. If you would like more information about making an endowment to the Howard Jarvis Taxpayers Association or the Howard Jarvis Taxpayers Foundation, visit www.hjta.org and click on "Take Action," then click on "Heritage Society," write to us at 621 S. Westmoreland Ave., Suite 200, Los Angeles, CA 90005, e-mail us at info@hjta.org, or call us at 213-384-9656.



THE LEGAL FRONT

CALIFORNIA COURTS FOLLOW POLITICS, NOT PRECEDENTS

By Timothy A. Bittle, Director of Legal Affairs

Hypocrisy, famously defined as the tribute that vice pays to virtue, is one reason people distrust politicians. To win votes, a politician may take one position in a morning speech to a labor union, and take the opposite position in a dinner speech to business leaders.

Judges, however, are not supposed to be politicians. We expect them to rise above politics and impartially apply the law. That's why the statue of Justice is blindfolded.

Unfortunately, California's courts have become as politicized as the other two branches of government. Often the best way to predict the outcome of a case is to look not at the courts' precedents, but rather at the identity of the parties. Here are a couple of examples of how the statue of Justice is peeking under the blindfold in the California courts.

Anyone who has been on our mailing list awhile knows that HJTA has been fighting a losing battle to defend an important taxpayer protection, the requirement that a "special tax" (that is, a tax for a specific purpose) must be approved by a two-thirds vote of the electorate.

Although Propositions 13 and 218 added provisions to the state constitution requiring a two-thirds vote to pass special taxes, a series of recent court decisions has ruled that if the taxes are proposed by an initiative and not by a government body, a simple majority is enough. The courts have justified this shortcut to tax increases by stating that the people's reserved powers of initiative and referendum are so precious, and so fundamental to our democracy, that all doubts must be resolved in favor of the people being able to exercise their powers without restraint. The courts are interpreting the constitutional protections of two statewide initiatives, Prop. 13 and Prop. 218, out of existence, all the while declaring themselves "the jealous guardians" of the people's powers of initiative and referendum.

In the courts' view, however, the people's powers are "precious," "fundamental," and "jealously

guarded" only until the people try to use their power to reduce taxes rather than increase them.

In *Wilde v. City of Dunsmuir*, ratepayers responded to a controversial water rate increase by collecting enough signatures on a referendum petition to place the rate increase on the ballot for voter ratification or rejection.

The courts are interpreting the constitutional protections of two statewide initiatives, Prop. 13 and Prop. 218, out of existence, all the while declaring themselves "the jealous guardians" of the people's powers of initiative and referendum.

The city refused to call an election on the referendum, claiming that voters do not have the right to vote on water rates because the price to buy water is a "tax levy" that is exempt from the people's referendum power. The referendum proponents filed a lawsuit. They won in the court of appeal, but the city took it to the state Supreme Court.

HJTA took over the case in the Supreme Court and argued that the referendum power was precious, fundamental, and to be jealously guarded. All doubts had to be resolved in favor of the people being able to exercise their power without restraint.

Our appeal to the Court to honor precedent and maintain consistency fell on deaf ears. The Court upheld the city's decision to withhold the referendum from the ballot. The only explanation for the Court ignoring its own precedent seems to be that, in *Dunsmuir*, the party that ultimately lost was the one trying

to stop a major rate increase.

Here's a similar example: In the 1956 case of *Hass v. City of Palm Springs*, citizens qualified an initiative to change the boundary lines for city council districts. Relying on a provision in the Government Code that required three-fourths voter approval to revise councilmanic district boundaries, the initiative was presented to the voters on a ballot that stated, "if three-fourths of the qualified electors, who vote, vote in favor of said Ordinance," the measure will pass. The measure received a majority of the votes, but not three-fourths.

Supporters of the initiative filed suit, arguing that the Government Code provision was inapplicable to citizen initiatives that, under the constitution, required only a simple majority to pass. The court of appeal denied relief. Assuming the supporters were correct, the court held, they should have taken steps to correct the ballot before it went to print. Once the matter was presented to the voters on the basis that a three-fourths vote was required, "the voters should not be deceived or misled in that respect."

The court found that voter behavior can be affected by the approval threshold stated. Voters who stayed home because they were skeptical that the measure could garner enough support might have made it out to the polls if they knew that a mere majority would decide the matter. In other words, the court could not assume that a majority would still have voted in favor of the measure under different circumstances.

Hass was the law for over 60 years. But recently a case with identical facts arose in the City of Oakland. To fund programs for early childhood education, citizens qualified an initiative to levy a parcel tax on all privately owned real property within the city. Relying on Propositions 13 and 218, which require two-thirds voter approval to pass special taxes, the ballot informed voters that two-thirds approval was required. The measure received

a majority of the votes, but not two-thirds.

Supporters of the initiative filed suit, arguing that Propositions 13 and 218 are inapplicable to citizen initiatives, which, under the cases described earlier, require only a simple majority to pass. Although *Hass* was the only existing authority for deciding a case where the ballot informed voters that a supermajority vote was required, the court of appeal held that the proposed tax passed with a simple majority.

In our amicus (friend of the court) brief, HJTA argued that *Hass* was the law, that the stated approval threshold could have affected voter behavior, making it impossible for the court to know whether a majority would still have voted in favor of the measure under different circumstances, and that the plaintiffs should have taken steps to correct the ballots before they went to print.

Examples abound which illustrate that the courts today are deciding cases to protect taxes from taxpayers, not to protect taxpayers from taxes.

The court was unconvinced. The only explanation for the court ignoring precedent seems to be that, in Oakland, the party that ultimately prevailed was the one promoting a major tax increase.

There is not room in this column for other examples, but, trust us, examples abound which illustrate that the courts today are deciding cases to protect taxes from taxpayers, not to protect taxpayers from taxes, regardless of the precedents set in the past. If the courts are going to decide cases based on politics, then maybe judges should be answerable to the voters like the other two branches of government. □

UNDER THE DOME



BAD BILLS STALL IN THE ASSEMBLY, AT LEAST FOR NOW

By Scott Kaufman, Legislative Director

Regular readers of this column will remember that in the last issue, we talked about the Legislature's two-year cycle and how bills that stalled out last year could come roaring back this year. Well, breathe a (small) sigh of relief because another important deadline has come and gone, and more bad bills fell to the wayside.

Article IV, Section 10(c) of the California Constitution states that "[a]ny bill introduced during the first year of the biennium of the legislative session that has not been passed by the house of origin by January 31 of the second calendar year of the biennium may no longer be acted on by the house. No bill may be passed by either house on or after September 1 of an even-numbered year except statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State, and urgency statutes, and bills passed after being vetoed by the Governor."

That's a lot of words to say if a bill doesn't get out of its house of origin by January 31 of the second year of the session, it's dead. So, let's see how we did. Three bills that were up against the Jan. 31 deadline really showed the radicalism of the Legislature.

Assembly Bill 257 would impose "sector-wide minimum standards" for wages, hours and working conditions at fast-food chains. Unfortunately, that passed the Assembly and now heads to the Senate. We'll

continue to watch it.

Assembly Bill 854 would force owners of rent-controlled apartment buildings to stay in that business for at least five years — even if they were losing money. That fortunately failed to garner enough support to get out of the Assembly.

While they may be "dead" for the year, no bad idea in California is ever dead.

Assembly Bill 1400 would have abolished private health care and required the state to provide health care coverage for residents. AB 1400 also failed to get enough support in the Assembly to move on, but we're likely to see it again. The state's Democratic Party has added single-payer health care to its platform, and the Progressive Caucus of the California Democratic Party has vowed not to endorse any candidate who opposes single-payer health care.

And that's true of many of these bills. While they may be "dead" for the year, no bad idea in California is ever dead...and maybe not even for this year. That's because the rules don't matter when the Legislature is in session.

There is the so-called "gut and amend" process, which involves taking an existing bill already working its way through the Legislature, gutting it of all its language and amending

it into an entirely new piece of legislation. Another trick is passing blank bills with no language in them at all, except for a single line of placeholder text. Those bills are later "amended" into actual bills and then pushed through the Legislature without any of the policy committee hearings that usually precede floor votes.

When lawmakers can't bend the rules enough, they just change them. Look no further than Assembly Constitutional Amendment 11, which gave us Proposition 19 back in 2020. (For more information about how HJTA is working to undo the damage from Proposition 19, visit our website: www.hjta.org/RepealTheDeathTax.)

While Proposition 19 started as a ballot initiative, the Legislature wanted a piece of the action and made a deal with the proponents to put their own version on the ballot instead. The only problem was that the Legislature's version didn't get passed by the official June 25 deadline to get on the November ballot. So, what did the Legislature do? They changed the rules. They passed a law to extend the deadline and declared it a "concurrent special election."

Proposition 19 may have been listed on your general election ballot along with everything else, but you technically voted on it during a special election. It's crazy, right? It would be amusing if their indifference to the rules wasn't so offensive.

And that is to say nothing of all the bad bills that are still alive and well. Here are two of the major threats to Proposition 13 we continue to watch:

Assembly Constitutional Amendment 1 is still around. ACA 1 would repeal the two-thirds vote threshold needed to pass local sales and parcel taxes for infrastructure and affordable housing projects. It has yet to move this session, but we will be ready if it does.

Assembly Constitutional Amendment 11 is becoming synonymous with tax increases. While AB 1400 didn't provide a funding mechanism for single-payer health care, its companion measure, ACA 11, proposes tax increases that would almost double state tax revenue. At nearly \$163 billion per year, this would be the largest tax increase in California

Be sure to sign up for HJTA e-mail alerts at www.hjta.org.

history. The measure would also authorize the Legislature to increase tax rates by a majority vote of both houses of the Legislature, instead of the currently required two-thirds vote. AB 1400 died, but ACA 11 could still move. We'll be vigilant.

To stay informed of the latest developments, be sure to sign up for HJTA e-mail alerts at www.hjta.org.

HJTA.ORG

Your source for **everything Proposition 13**



HJTA PAC ENDORSEMENTS FOR THE JUNE 7, 2022, CALIFORNIA PRIMARY ELECTION

Every registered voter will be sent a vote-by-mail ballot in early May. In-person voting and early in-person voting are also available.

Save this page and watch for your ballot in the mail!

ENDORSEMENTS

FOR YOUR REFERENCE

U.S. CONGRESS

SCOTT JONES
KEVIN KILEY

Dual endorsement, alphabetical order
U.S. Congressional District 3

TAMIKA HAMILTON
U.S. Congressional District 6

MAX SEMENENKO
U.S. Congressional District 7

DAVID GIGLIO
U.S. Congressional District 13

MIKE GARCIA
U.S. Congressional, District 27

MICHELLE STEEL
U.S. Congressional District 45

SCOTT BAUGH
U.S. Congressional District 47

STATE OFFICES

TED GAINES
State Board of Equalization,
District 1

PETER VERBICA
State Board of Equalization,
District 2

STATE SENATE

ROGER NIELLO
Senate District 6

KELLY SEYARTO
Senate District 32

JANET NGUYEN
Senate District 36

STATE ASSEMBLY

JOE PATTERSON
Assembly District 5

JOSH HOOVER
Assembly District 7

LIZ LAWLER
Assembly District 28

VICKI NOHRDEN
Assembly District 30

VINCE FONG
Assembly District 32

DEVON MATHIS
Assembly District 33

**THURSTON "SMITTY"
SMITH**
Assembly District 34

MIKE STOKER
Assembly District 37

PHILLIP CHEN
Assembly District 59

TED BUI
Assembly District 70

DIANE DIXON
Assembly District 72

LAURIE DAVIES
Assembly District 74

KRISTIE BRUCE-LANE
JUNE CUTTER
Dual endorsement, alphabetical order
Assembly District 76

COUNTY OFFICES

JON DEVILLE
El Dorado County Assessor

**ROXANNE BECKFORD
HOGE**
Los Angeles County Board
of Supervisors, District 3

JEFF PRANG
Los Angeles County Assessor

PAT BATES
DIANE HARKEY
Dual endorsement, alphabetical order
Orange County Board of
Supervisors, District 5

CLAUDE PARRISH
Orange County Assessor

SHARI FREIDENRICH
Orange County Treasurer

BOB DUTTON
San Bernardino County
Assessor-Recorder

JORDAN MARKS
San Diego County Assessor/
Recorder/County Clerk

**BEFORE YOU VOTE,
BE SURE TO CHECK
HJTA.ORG
FOR THE LATEST
UPDATES TO THIS LIST.**



Howard Jarvis
Taxpayers Association
Political Action Committee

For official elections and voter information, go online to sos.ca.gov/elections.

CALIFORNIA LEADERS CALL FOR REPEAL OF THE DEATH TAX

“‘Death tax’ hurts Fresno County’s farmers, ranchers, small businesses and homeowners”

By **Paul Dictos**, Fresno County Assessor-Recorder, and
Tom J. Bordonaro Jr., San Luis Obispo County Assessor
—*Fresno Bee*, December 8, 2021

As county assessors, our job is to determine the value of taxable property. In doing so, we are governed by the California Constitution, the laws passed by the Legislature and the rules adopted by the State Board of Equalization.

So we knew the changes to the Constitution that brought back the death tax would have a significant impact for the farmers, ranchers, small businesses and homeowners we represent. Now, when a parent passes away and leaves behind a family home or other nonresidential property, the property may be reassessed to current market value — triggering a massive property tax increase.

Since these changes to the Constitution went into effect this past February [2021], we have heard from families who are confused and shocked by the unexpected death tax. Even worse, we know too many families cannot afford the massive property tax increase, which could force them into an unwanted sale of a family business, farm, ranch, or home.

“California’s Death Tax unleashed a callous tax increase on Californians grieving the death of a loved one”

By **Jon Coupal**, president, Howard Jarvis Taxpayers Association
—*California Globe*, January 24, 2022

Over a lifetime, we work, save and invest to build a future for our children. Whether it’s a family home, business or farm, the Repeal the Death Tax Act will ensure that it can be passed along from generation to generation.

“California’s tax on inherited properties hurts minority communities”

By **Edwin Lombard**, president and CEO of the California African American Chamber of Commerce
—*CalMatters*, October 8, 2021

According to the California Housing Finance Agency, during the entire 2010 decade, California’s Black homeownership rate was lower than it was in the 1960s, when it was legal to discriminate against Black homebuyers. For example, in 2019, the statistics show that just 40.9% of Black families owned their own homes compared to 68% of white families. In the 1960s, 42.4% of Black families were homeowners.

And now, Proposition 19, which voters narrowly passed last year, is making the dream of homeownership and passing along small family-owned businesses even more difficult for our next generation — particularly in Black communities.

While Prop. 19 included positive elements, it also eliminated constitutional protections previously passed by voters (Proposition 58 in 1986 and Proposition 193 in 1996). Now when a parent or grandparent passes away, leaving behind a home or family business, their children or grandchildren are hit with a massive property tax bill while coping with the death of a loved one. This often forces an unwanted sale — destroying a family’s dream or small business in the process.

For Black families, homeownership is the primary means of building generational wealth and upward mobility. And small business development is often financed through a home’s equity. If we do nothing, the racial wealth inequity in California will only get worse.

That’s why we need to restore the property tax benefits that parents and their children enjoyed for nearly 35 years by passing the Repeal the Death Tax Act.

“California voters should repeal the Death Tax”

By **Kerry Smith**, president of Commercial Loan Corp. in Newport Beach
— *Sacramento Business Journal*, November 29, 2021

Every day I work with families in California who have lost a parent. Not only are these families left with a deep void and a heavy cloud of grief, but since Proposition 19 narrowly passed in November 2020, they have been blindsided by the unwelcome and cruel return of the Death Tax.

The Death Tax is triggered on the date of the passing of the last surviving parent. Their home or small business is reassessed to current market value and then their children are hit with the Death Tax — a massive property tax increase.

It wasn't always this way. For nearly 35 years, California families benefited from constitutional protections that excluded a home and up to \$1 million of assessed value of other property, such as a small business or rental property, from reassessment when transferred to children upon the parent's death.

Prop. 19 took away that protection and upended the long-established law concerning the transfer of property between parents and their children — resulting in chaos, confusion and financial strain for families at the worst possible time.

For many Californians, a home or small business is their primary means of building a legacy to pass on to their children or grandchildren. The Death Tax destroys this dream. With only a few exceptions, long-held property that has been protected from sharp tax hikes by Proposition 13 is now reassessed to market value when transferred. Children who cannot come up with the money to pay the new, higher tax bill every year will be forced to sell the family home or small business.

A family trust, also known as a revocable living trust, does not protect children from the Death Tax. Many of my clients are working families who are dismayed to learn that despite their parent's thoughtful efforts toward estate planning, they still face a massive property tax bill with no means to pay it.

It's time to eliminate the Death Tax so Californians who want to keep their family home or small business won't be forced to sell by skyrocketing property taxes.

“Repealing Death Tax will help family businesses stay afloat”

By **Robert Rivinius**, executive director of the Family Business Association of California
— *East Bay Times*, November 5, 2021

Prop. 19 had some good elements, but it took away voter-approved constitutional protections that allowed families to keep a business or home they worked so hard to acquire.

Now when a parent passes away and leaves behind a family business or home, their children are hit with the Death Tax — reassessment to current market value, triggering a massive property tax increase in the midst of grieving a parent's death.

The Death Tax is cruel and unfair. When the children can't come up with the cash to pay the new annual property tax bill, they are forced into an unwanted sale. Lost are California family businesses that took decades of hard work to build along with the dream of passing on a legacy to children and grandchildren.

California can't afford to lose more family businesses who are uniquely connected and invested in the success of their local community.

That's why it is so important that we pass the Repeal the Death Tax Act, which will soon be gathering signatures for the November 2022 statewide ballot.

The Repeal the Death Tax Act will restore the constitutional taxpayer protections that California family businesses relied on for nearly 35 years.

California Rental Housing Association

November 5, 2021

To ensure its passing, a lot of misinformation surrounded the campaign for Proposition 19, such as the false assertion that Propositions 58 and 193 only helped wealthy, out-of-state, trust-fund heirs. In fact, Propositions 58 and 193 protect all homeowners and all families that have invested some of their life savings in real estate. Even California's County Assessors recognized immediately the damage inflicted by the new law. Los Angeles County Assessor Jeffrey Prang bluntly stated in a commentary for the *Santa Clarita Signal* that, “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.”

GRASSROOTS REPORT

HOW YOU CAN HELP ELECT TAXPAYER CHAMPIONS IN 2022!

By Eric Eisenhammer, HJTA Director of Grassroots Operations

It's no secret that most Americans are fed up with an out-of-touch political class in Sacramento and in Washington.

After years of wasteful spending and constant pleading for yet another tax increase, Sacramento is awash in a "surplus." I put the word *surplus* in quotes because, in reality, there are also massive shortfalls in what would need to be set aside to pay for government employee retirement benefits. If Sacramento politicians were remotely sensible (which of course they are not), they would use some of their surplus funds to address these debts and even set aside some to return to the state's beleaguered taxpayers.

It is however out of this frustrating state of affairs that an opportunity arises for people like you and me who care about ethical government and fiscal responsibility. Perhaps because the political elite's mismanagement of our money and contempt for the people they are meant to serve has become so

blatant, a consensus is now emerging that it's time for new leadership.

While it may be tempting to simply sit on the sidelines and hope for the best, don't forget that pro-tax forces have deep pockets and armies of political operatives at their disposal. That's why it makes such a big difference when people like you get involved on behalf of the good guys.

How do you find the good guys? Your Howard Jarvis Taxpayers Association has a political action committee that endorses candidates, and we also encourage candidates to sign our Pledge to Stand Up for Taxpayers. The PAC makes recommendations on ballot measures, too. These recommendations can be found in the pages of *Taxing Times*, and also be sure to check www.hjta.org for late updates before you vote.

HJTA focuses primarily on statewide and legislative district races, but local taxpayer groups can offer you further opportunities to get involved and

may be active in supporting individuals for county supervisor, mayor, city council and your local school board. There are county and regional-focused taxpayer organizations all around the state. They're listed at www.hjta.org for your reference.

An election year presents lots of opportunities to volunteer in a political campaign. Even if you've never helped a political campaign before, this can be an impactful way to make a difference in your community, as well as a fun opportunity to meet your neighbors and make some new friends.

There are so many ways to help a local candidate with their campaign. There's always a need for people to knock on doors and make phone calls. You also can make a difference by hosting a meet-and-greet at your home for a candidate you support and inviting your friends. Winning a political campaign requires that a candidate meet as many voters as possible and mobilize them to vote

and spread the word.

Don't hesitate to get creative with your involvement either. In recent years, volunteers acting all on their own have held major nationwide fundraisers harnessing the power of social media and have even invented whole new technologies for voter contact.

For me, when I was in college about 15 years ago, I got involved in politics to support my local state representative in his campaign for higher office. I never intended to still be involved all these years later, and perhaps like you, I don't like politics that much. A lot of us who favor limited government really just want the government to leave us alone. In spite of that, I've learned so much from being involved. I've learned new skills like public speaking, and I've met some really incredible people.

So don't be afraid to dive in. There are millions of people just like you who want a better future for California, and in politics, you can meet them in person! □

DOWN TO THE WIRE TO REPEAL THE DEATH TAX *Continued from page 1*

and grandchildren if the children's parents were deceased.

That was the law in California until 2020, when Proposition 19 was narrowly approved by voters after a costly ad campaign that emphasized the measure's benefits for seniors, wildfire victims and disabled persons who wanted to move to a new home. However, along with those provisions, Prop. 19 contained a less-publicized provision: It repealed Propositions 58 and 193, ending the exclusion from reassessment for property passed to the next generation.

Now, with only limited exceptions, property is reassessed to current market value when passed from parent to child or

grandparent to grandchild. This is undeniably a "death tax," because when parents pass away, the children receive notification of the new tax bill in the mail along with the sympathy cards.

The Repeal the Death Tax initiative would restore the law regarding intergenerational transfers to the way it was before Prop. 19 passed in November 2020. It would be retroactive, so that every property reassessed due to a parent-child or eligible grandparent-grandchild transfer would have its Proposition 13-protected tax assessment restored.

The initiative would not affect the other provisions in Proposition 19; the ability to transfer the base-

year tax assessment from a current home to a new one would remain. Only the provisions in Prop. 19 affecting intergenerational transfers of property would be changed. If qualified for the ballot and approved by voters, the Repeal the Death Tax Act would allow parents and grandparents to transfer their home, regardless of value, plus up to \$2.4 million of assessed value of other property — such as a small business, rental home, duplex or apartment building — without triggering reassessment.

Your Howard Jarvis Taxpayers Association has printed and distributed 425,000 official petitions, each with space for the signatures of six registered voters.

That's enough petitions to collect more than 2.5 million signatures, if they are returned to us, signed, before the deadline. We need 997,139 valid signatures to qualify the Repeal the Death Tax Act for the November ballot.

If we make it, we will go forward with an aggressive campaign to pass this initiative, educating voters about the importance of restoring the ability of parents to pass property to their children without triggering an unaffordable tax increase that forces the next generation to sell long-held family property.

To stay informed about the latest developments, please sign up for e-mail alerts at www.hjta.org. □

YOUR answered

DOES A TRUST PROTECT MY PROPERTY FROM REASSESSMENT WHEN TRANSFERRED TO A FAMILY MEMBER?

One of the questions HJTA hears most often from homeowners is: Doesn't a trust protect me from property tax reassessment, given that the "owner" is the trust, both before and after the death of a property owner?

The answer is no. Having property in a trust does not prevent property tax reassessment when a property owner passes away.

Property held in a trust is reassessed, or not reassessed, exactly the same way it would be if the property was not in a trust.

Assessors in California "look through" the trust to see the "present beneficial owners," according to the State Board of Equalization, the government agency that oversees property

tax administration. This means property held in a trust is reassessed, or not reassessed, exactly the same way it would be if the property was not in a trust.

A change to the rules for property tax reassessment when homes and other property are transferred within families became effective on February 16, 2021, because of the passage of Proposition 19 in 2020. As a result, property passed from parent to child (or grandparent to grandchild if the children's parents are deceased) is reassessed to current market value upon transfer, with limited exceptions.

Prior to the passage of Proposition 19, parents could transfer their home to their children without triggering reassessment to current market value. In addition, parents could similarly transfer a limited amount of other property, such as a small business property, a duplex, a rental home or an apartment building. Up to \$1 million in total assessed value of other property, in addition to the family home, could be



transferred to the next generation without reassessment. These rules became part of the state constitution in 1986 with the passage of Proposition 58. In 1996, the same rules were extended to grandparent-grandchild transfers with voter approval of Proposition 193.

So it wasn't a trust that was protecting property from reassessment when transferred between the generations for all those years. It was Prop. 58 and Prop. 193.

Now they're gone. Under Proposition 19, passed narrowly in 2020, property is reassessed to market value

when transferred from parent to child, or from grandparent to grandchild. The only exceptions are for a family farm and for a family home if the children move into it and make it their own primary residence, permanently, within one year.

Having the property in a trust does not change that.

Your Howard Jarvis Taxpayers Association has been working hard to qualify an initiative for the November ballot to "Repeal the Death Tax" by restoring Prop. 58 and Prop. 193 to the state constitution. Thank you for your support of this important effort.

NEW MAPS, NEW DISTRICTS, NEW FACES *Continued from page 1*

lines for state legislative districts. Counties and cities draw new lines for county supervisor, city council and school board districts.

The results can be confusing for voters who have grown accustomed to seeing the same names on their ballot every two or four years. So it's even more important than usual to learn about the candidates and find

out who is likely to vote in the best interests of the people who pay California taxes, utility rates and other costs of living affected by the policies of the officials we elect.

This issue of *Taxing Times* features the endorsements of the Howard Jarvis Taxpayers Association Political Action Committee. Before you vote,

be sure to check online at www.hjta.org for updates and late-breaking additions to the endorsements list. If you're not already subscribed to receive HJTA e-mail alerts, you can sign up at www.hjta.org and you'll receive the PAC's endorsements by e-mail.

Under a new law signed by Gov. Gavin Newsom, universal

vote-by-mail is now permanent in California. Every registered voter will receive a ballot in the mail. Watch for it in early May. If you prefer to vote in person, that option will also be available. Check with your county Registrar of Voters about the availability of early voting and for the locations of Election Day polling places. □

CALIFORNIA'S PRIMARY ELECTION IS JUNE 7, 2022.

Every active registered voter will receive a ballot in the mail early in May, so watch your mailbox!

To register to vote, visit RegisterToVote.ca.gov, or go to VoterStatus.sos.ca.gov to check your current voter registration.



HJTA BACKING NEW INITIATIVE TO DEFEND PROP. 13

By Jon Coupal

Almost 44 years ago, California voters overwhelmingly enacted Proposition 13 in response to out-of-control property taxes. Even with the passage of time, Prop. 13 remains very popular among citizens of all political stripes. Nonetheless, many politicians and bureaucrats hate Prop. 13 because it prevents them from taking unlimited cash from the taxpaying public.

In response to Prop. 13's passage, these tax-and-spend interests retaliated by trying — sometimes successfully, sometimes not — to create loopholes in Prop. 13 to bypass voter-approved taxpayer protections and provisions enforcing more government accountability. This has necessitated additional taxpayer protection laws to close these loopholes via more recent initiatives such as Proposition 218 (1996), also known as the Right to Vote on Taxes Act, and Proposition 26 (2010), which sought to stop taxes from escaping limitation by calling them “fees.”

In this tug of war between taxpayers and government interests, the latter has been aided by an increasingly progressive California judiciary, which, in a number of recent decisions, demonstrates open hostility to taxpayers. As just one example, Prop. 13's long-standing requirement that a local special tax receive a two-thirds vote of the electorate has been virtually destroyed by the infamous *Upland* decision, which gave tax-and-spend interests a template on how to impose new taxes that, for 40 years, were illegal.

For that reason, a broad coalition of taxpayer organizations, businesses and property owners of all stripes have joined to advance a new initiative, the Taxpayer

Protection and Government Accountability Act (TPA) to close the *Upland* loophole and reinforce voter intent behind Propositions 13, 218 and 26, all of which were designed to bring some semblance of sanity to California's out-of-control taxes.

As could be predicted, the establishment is claiming that this simple effort to close many of the loopholes that they themselves punched in Prop. 13 will result in the end of Western Civilization. For example, the League of California Cities, which never met a tax it didn't like, released an “analysis” of the measure that is replete with factual errors. The truth is that the League is simply opposed to California taxpayers reasserting their rights to vote on tax increases and to giving taxpayers more oversight on how politicians spend their money. The League presents a “parade of horrors” if TPA were to pass, trying to scare local officials and taxpayers using false and misleading arguments.

Many politicians and bureaucrats hate Prop. 13 because it prevents them from taking unlimited cash from the taxpaying public.

Let's be clear, the Taxpayer Protection and Government Accountability Act doesn't jeopardize any existing state or local tax revenue. The measure instead gives taxpayers the right to vote on all future tax increases.

It also prevents politicians from gaming the system by preventing them from passing a litany of new and higher taxes this year before the measure and its taxpayer protections go into effect.

These scare tactics are right out of the campaign against Prop. 13 more than 43 years ago.

In the months leading up to the June 6, 1978, election, here's a list of what opponents were predicting, none of which came true:

- The City of Oakland warned it would close fire stations, close its zoo and turn off over half its traffic lights in the city.
- A state senator and reliable ally for public employee unions predicted massive teacher layoffs.
- A municipal finance consulting firm warned that Prop. 13 could be so injurious to local government structure, financing and services that it would be years “to achieve a sense of stability.”
- One of the opposition TV commercials featured a UCLA economist who, in dire tones, predicted that California would be plunged into a deep recession if voters approved the measure. But in the years immediately following passage, California had an extraordinarily booming economy.
- The same League of California Cities which predicts that the Taxpayer Protection and Government Accountability Act will inflict catastrophic damage to California made similar claims 44 years ago, including that the City of Los Angeles would have to lay off over 2,200 police officers if Prop. 13 passed.

For 44 years, big government advocates have told whopper lies about efforts to control taxes in

California. The latest propaganda piece from the League of California Cities continues that tradition in fine form.

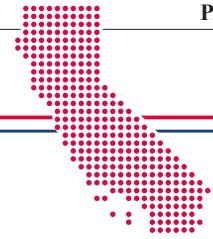
Californians are already struggling with one of the highest

A broad coalition of taxpayer organizations, businesses and property owners of all stripes have joined to advance a new initiative, the Taxpayer Protection and Government Accountability Act.

costs of living, highest adjusted poverty level, highest gas prices in the nation and rapidly increasing inflation. Working families can't afford billions more in new and higher taxes. Let's not forget, the same people who oppose this measure are the same supporting more than \$100 billion in new and higher taxes in 2022 alone, even when the state has a \$46 billion-and-growing budget surplus.

Why is the League so afraid to give voters a greater voice in how new tax dollars are spent? Proponents of the Taxpayer Protection and Government Accountability Act are confident that when voters learn the truth about its provisions seeking to restore fiscal sanity in California, they will be overwhelmingly supportive, just like they were with Proposition 13 in face of the same lies told by the same people. □

PROTECT PROPOSITION 13



FOUNDATION REPORT

JUST SAY NO TO TAX-FUNDED CAMPAIGN ADS FOR NEW TAXES

The Howard Jarvis Taxpayers Foundation's Public Integrity Project will be watching out for your tax dollars as local governments and government agencies prepare to put tax increases before the voters in the June primary and November general election.

Under the law, tax dollars may be spent to educate the public, but not for campaign ads. It sometimes appears to be a distinction without a difference as local officials spend public funds on slick

mailers, digital ads and commercials that present tax-increase measures in a highly positive light.

HJTA Members can help to police the use of tax dollars for campaign ads. If you receive a taxpayer-funded flyer in the mail or see an ad on-screen paid for by a local government, school district or government agency, and you think it crosses over the line from education into advocacy, get in touch with the Public Integrity Project. Write to info@hjta.org and, if possible,

include a photo or screenshot of the ad.

You can also mail suspicious flyers to this address:

Public Integrity Project
c/o Howard Jarvis Taxpayers Foundation
921 11th Street, Suite 1201
Sacramento, CA 95814

Thank you for being a part of this important effort to ensure that tax dollars are not spent improperly to influence elections.

the MAIL Bag

"Keep after them! Prop. 13 should not be tampered with in any way."

—J.J.,
Fallbrook

"My father gave to you frequently. He's departed, now it's my turn."

—G.G.,
Brentwood

"Mailed in 24 signatures to repeal the Prop. 19 Death Tax last night. Thank you for this effort. Not done this before but happy to help."

—M.K.,
Los Angeles

"WE ALL cannot thank you enough for your all-important work!!! THANK YOU THANK YOU!!!"

—J.F.,
Venice

"Thank you!"

—H.L.,
Los Angeles

"HJTA, keep up the GREAT work."

—E.C.,
Portola valley

"HJTA is the best source of taxpayer information. Keep up the good work!"

—R.L.,
Palm Desert

"I wish to thank HJTA for defending the very modest post-WWII (my grandfather's veterans' loans) property gains of my family. We've worked so hard to hold onto them!!"

—S.F.,
Carmel Valley

"Thank you for all the work you do and for being there and standing up for the truth!"

—P.G.,
Lomita

Thank You FOR RECRUITING NEW PROP. 13 SUPPORTERS!

HJTA's hat is off to all of you who have recruited new Members to the taxpayers' cause. Please keep up the good work!

The tax revolt that passed Proposition 13 has always depended on grassroots supporters. Howard Jarvis always fought for average taxpayers who pay government's bills, and we at HJTA continue his crusade.

Everyone knows at least one person, and probably more, who should join our movement.

The vast majority of those who know about Proposition 13 support it, but many are not aware that their taxpayer protections are under constant attack by Sacramento

politicians.

Taxpayers' best defense is an informed public. You can support Proposition 13 by helping HJTA recruit new Members who will strengthen the taxpayers' cause in Sacramento and throughout the state.

Please use the coupons below to send us the name and address of at least one taxpayer who would benefit from learning more about Proposition 13 and the tax-fighting work of HJTA. If you know of more than one, provide their information or pass a coupon on to them, and we will be glad to reach out to them as well.

HJTA MEMBERS: HELP HJTA HELP YOU

Howard Jarvis Taxpayers Association is California's number-one taxpayer advocacy organization. By recruiting new Members, we strengthen the taxpayers' cause in Sacramento and throughout the state.

Help protect Proposition 13! Every HJTA Member knows at least one person who should join HJTA. Please send us their names and addresses. HJTA will send them information on our ongoing work and a membership application. Thank you!

Mail to: HJTA, 621 South Westmoreland Avenue, Suite 200, Los Angeles, CA 90005-3971

Please send information on the tax-fighting work of the Howard Jarvis Taxpayers Association and a membership application to:

Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

HJTA MEMBERS: HELP HJTA HELP YOU

Howard Jarvis Taxpayers Association is California's number-one taxpayer advocacy organization. By recruiting new Members, we strengthen the taxpayers' cause in Sacramento and throughout the state.

Help protect Proposition 13! Every HJTA Member knows at least one person who should join HJTA. Please send us their names and addresses. HJTA will send them information on our ongoing work and a membership application. Thank you!

Mail to: HJTA, 621 South Westmoreland Avenue, Suite 200, Los Angeles, CA 90005-3971

Please send information on the tax-fighting work of the Howard Jarvis Taxpayers Association and a membership application to:

Name: _____

Street Address: _____

City: _____ State: _____ ZIP: _____