



Repeal the Death Tax Act Frequently Asked Questions (FAQ)

What is the “Death Tax?”

It's a new provision in the law that says property must be reassessed to market value when it is transferred between parents and children. The result is a massive increase in the annual property tax bill when long-held family properties are inherited. Previously, the tax bill on a home and a limited amount of other property stayed the same when transferred from parents to children, or grandparents to grandchildren. Now those properties are reassessed to current market value as of the date of death, with only narrow and limited exceptions.

How can I get the petition, and what's the deadline?

The petition is available at RepealTheDeathTax.com. Click “Download the petition” to get the petition and complete instructions, including a clip-and-tape mailing label to make it easy. The petition can be printed on one sheet of ordinary letter-size paper, on any printer. Please send the signed petitions back as soon as possible but no later than January 16, 2024.

What did Prop 13 from 1978 do?

Proposition 13, passed by voters in 1978, limited increases in the assessed value of a property, while it remained under the same ownership, to a maximum of 2% per year. Because market value often increases far faster, Prop. 13 protected property owners from sudden, shocking increases in their annual property tax bill based on “paper profits.” Prop. 13 also cut the property tax rate to 1% of the assessed value, down from a statewide average that was nearly three times higher.

What did Prop 58 from 1986 do?

Prop. 58, passed by more than 75% of voters in 1986, excluded some parent-child transfers of property from the definition of “change of ownership.” This allowed parents to transfer their home and up to \$1 million of assessed value of other property to their children without triggering reassessment and a tax increase.

What did Prop 193 from 1996 do?

In 1996, 67% of California voters passed Prop. 193, which extended the Prop. 58 rules to transfers of property between grandparents and grandchildren if the children's parents were deceased.

What is Prop 19 from 2020 and how did it create the Death Tax?

Prop. 19, passed narrowly by voters in November 2020, repealed Prop. 58 and Prop. 193 so that property is again reassessed to market value when transferred between parents and children or grandparents and grandchildren, with only limited exceptions. Many voters did not realize that this measure created a “death tax” on property. The advertising campaign to pass the measure emphasized only the provisions that benefit seniors, disabled individuals and wildfire victims. (The Repeal the Death Tax Act would not change those benefits.)

How does this initiative repeal the Death Tax?

This initiative will restore Props. 58 and 193 to the state constitution. Parents and grandparents would once again be able to transfer their home, of any value, plus up to \$1 million of assessed value of other property (such as a vacation cabin, rental home or small business property) without any change to the property tax bill.

Is the Repeal the Death Tax initiative retroactive?

Yes. Anyone whose property was reassessed for a parent-child or grandparent-grandchild transfer will be able to get their previous assessed value reinstated. Unfortunately, it's not possible to get a refund of taxes owed and paid while the provisions of Prop. 19 were in effect.

If this doesn't pass, how much money will my kids need every year to keep the property they inherit?

To see how much the new tax bill on your property will be after it is transferred from parent to child, multiply the current market value of your property by 1%. This is the property tax bill the children would have to pay EVERY YEAR, plus local taxes and fees, plus an inflation adjustment of up to 2% per year, if the transfer happened today and they or the property didn't qualify for an exception. (Current law allows a limited exclusion from reassessment only for a property that is the principal residence of both the parent and the child who inherits it.)

Does this initiative repeal Prop 19's property tax transfer?

No. This initiative does not change Prop. 19's property tax transfer for wildfire victims, disabled people and seniors. They can still transfer the taxable value of their primary residence to a replacement residence of any value, anywhere in the state.

Why does the Death Tax need to be repealed?

Unfortunately, due to the passage of Prop. 19, the sad event of the loss of a parent has become the trigger for a letter from the county assessor warning that the family home and other property are now subject to reassessment to market value, meaning a massive tax increase. At an emotional and difficult time, many families are finding that they are forced to sell properties their parents worked hard to acquire. If they cannot afford the new annual property tax bill, they have no choice but to sell. This robs families of the opportunity to build inter-generational wealth and financial security through property ownership. After they sell the property, inflation wears away the value of the cash from the sale proceeds.

How does the Death Tax impact minority communities?

Prop. 19's Death Tax created additional barriers to homeownership and upward mobility for Black, Latino, Asian, and other minority communities by imposing an automatic tax increase that often makes it impossible to hold onto inherited property. Many voters did not know that Prop. 19 eliminated constitutional protections previously passed by voters to allow parents and grandparents to transfer their homes to their children and grandchildren upon death without triggering a reassessment and massive property tax bill. Homeownership is the primary means of building inter-generational wealth and financial security for immigrants and communities of color. That's why we need to repeal the Death Tax!

How does Prop 19's Death Tax affect renters?

Small rental properties that were excluded from reassessment when inherited before Prop. 19 are now subject to reassessment to full market value as of the date of transfer from the owner to his or her children. This typically means a massive tax increase that could lead to rent increases or, where rent increases are prohibited, to much higher rents for future tenants and/or the sale of the buildings to new owners who may evict the tenants and develop the land for another purpose. Countless affordable housing units will be lost, year after year, as older buildings are inherited and sold.

How does the Repeal the Death Tax Act help small or locally owned business properties and family farms?

This initiative allows intergenerational transfers of a primary residence *and* other property with an assessed value of up to \$1 million without reassessment — this includes apartment buildings, duplexes, shops and restaurants, as well as agricultural property. Family farms have been granted additional protection by the Legislature since the passage of Prop. 19, and the Repeal the Death Tax Act contains language to preserve those gains.

Can't we set up a trust to avoid reassessment of our property via Prop 19's Death Tax?

Assessors look “through” the trust to see the “present beneficial owners” when implementing the law regarding change of ownership. While a trust may have other tax benefits, trusts do not protect you from property tax reassessment. Please consult an attorney and/or an accountant regarding all potential tax consequences of a sale, inheritance or any change to the title.

Can't we incorporate our property to avoid reassessment via Prop 19's Death Tax?

Generally speaking, where parents form a corporation to hold property, then transfer cumulatively more than 50% of the control or ownership of the corporation (*i.e.*, by dying), there is a change in ownership that triggers reassessment. (See CA Code of Regs, Title 18, § 462.180(c)(2).) Moreover, once a corporation is formed, it is then subject to California's \$800 minimum annual franchise tax on corporations. Please consult an attorney and an accountant before making any changes to the title of your property.

Can't our kids just move into our house to avoid reassessment via Prop 19's Death Tax?

Under current law (Prop. 19), children/grandchildren who inherit their parent's/grandparent's principal residence and make it their own principal residence within one year of the date of transfer can avoid full reassessment if they file the form for the “Homeowners Exemption” with the county assessor. However, the exclusion from reassessment is capped at the current assessed value plus \$1 million. Any value above that combined figure is assessed at current market value and added to the assessed value of the property. In many parts of the state where property has appreciated dramatically, even children who move into the family home and make it their principal residence could be hit with a significant property tax increase.

What can we do to help?

Spread the word that all registered voters in California can sign the petition to Repeal the Death Tax by going to RepealtheDeathTax.com and printing the petition at home. Tell everyone you know and please ask *them* to spread the word, too. You can also support the campaign by donating to “Repeal the Death Tax” by check or online. Your support helps the campaign buy advertising and reach more Californians to tell them about this important and time-limited effort. Please visit RepealtheDeathTax.com and click “Donate” for more information. Your help to Repeal the Death Tax is much needed, and we greatly appreciate you!

Listen live every Friday at 6:00 p.m. to the [Repeal the Death Tax Petition Party](#) show on **560 KSFO in the Bay Area and KSFO.com everywhere. Starts November 17, from 6:00 to 7:00 pm. Invite some friends over, print some petitions and join the party!**