

In November 2020, California voters passed Proposition 19, a property tax law that could have significant effects on property tax planning for people who own real property in California.

Up until the passage of Proposition 19, children and grandchildren who received California property by gift or inheritance were able to use Proposition 58 and Proposition 193 to carry over their parent's or grandparent's property tax rate (based on the original purchase price of property adjusted annually with Proposition 13 increases). Proposition 19 repeals both Proposition 58 and Proposition 193, eliminating this property tax benefit for property passed down to children and grandchildren.

Proposition 19 becomes effective February 16, leaving a small window of opportunity for individuals owning California real property to gift property to their children or grandchildren without a reassessment in property taxes.

If you are interested in discussing this further, we can assist and advise on this topic if contacted immediately. We will likely need to review your current overall estate plan, discuss goals and examine any previously filed federal gift tax returns.

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