

# FIX\* 19 PROP



## SAVE YOUR HOME

\* The **good parts** of Prop 19 will stay, allowing disabled, fire victims, and seniors to transfer their property tax rate to a new CA home.

[www.ForCalifornians.com](http://www.ForCalifornians.com)

# What is Prop 19?

- Title:

*The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act*

- Timeline:

- Passed November 3, 2020
- Effective February 16, 2021 (inherited property tax reassessment) & April 1, 2021 (portability)
- Relaxed prior restrictions in porting property tax basis from one property to another when seniors 55+, disabled, and wildfire victims move within CA
- **Took away our constitutional right in place for 35 years (neither the Title nor the campaign ads mentioned this part):**
  - **Prop 58 parent-child transfer exclusions (1986)**
  - Prop 193 grandparent-grandchild transfer exclusions (1996)

# Pros & Cons of Prop 19

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## Pros:

- Greater portability of property tax basis when moving from one property to another for 3 groups of people:
  - Seniors 55 years and older
  - Severely disabled
  - Wildfire or natural disasters victims
- Relaxation of previous restrictions:
  - County restrictions --> No county restrictions
  - 1 time per lifetime --> 3 times per lifetime
  - Equal or < value --> Any value

## Cons:

- Inherited properties are reassessed at current market value, making property taxes go up many fold.
- Primary residence receive a \$1M exclusion if meet requirements, however, that exemption for many will not be enough to remain in the family home. Rental properties receive no \$1M exclusion.
- Many people cannot afford the skyrocketed property taxes and are forced to sell and/or move out of CA:
  - Middle class who are not high-income earners
  - Seniors on fixed income
  - The disabled
  - Those without earning capabilities
- Family businesses have to raise prices to cover the property tax hikes OR close if the business cannot generate enough income to cover the property tax increases.
- Renters are impacted when next-generation landlords must raise rent to cover property tax increases OR evict tenants after a forced sale.
- Limits inter-generational wealth transfers, an important value in the United States.
- Only high-income earners or developers can afford to buy properties sold for millions of dollars. This will further gentrify CA.
- Developers often demolish the purchased properties & build dense housing which the existing infrastructure is not ready to support.

# Parent-Child Transfer Law Before and After Prop 19

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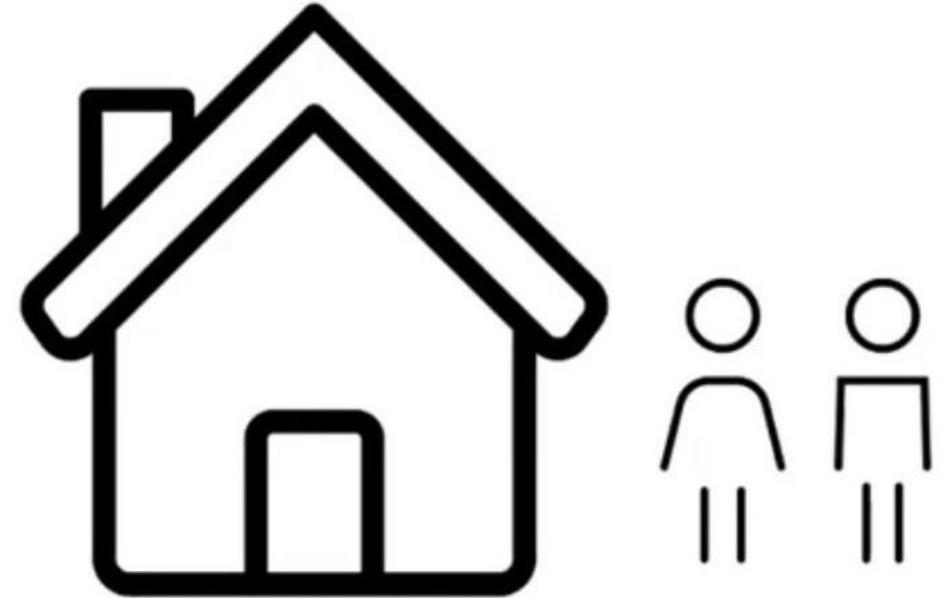
<b>BEFORE PROP 19</b> (Prop 58 parent-child / Prop 193 grandparent-grandchild transfers)	<b>AFTER PROP 19</b> (Prop 58 & Prop 193 were repealed)
<b><i>PRIMARY RESIDENCE</i></b>	
No reassessment to current market value. Children inherit parents' old Property Tax Basis (Taxable Value) regardless of value.	\$1M Exclusion. If Current Market Value < (\$1M+Taxable Value), children keep parents' old Taxable Value. If Current Market Value > (\$1M+Taxable Value), the property is reassessed to Current Market Value. A new Taxable Value equal to (Current Market Value-\$1M) is set. i.e., the first \$1M is not taxed, anything over \$1M is taxed at the current property tax rate (~1.2%).
No restrictions on use of property after transfer.	Recipient(s) must use property as primary residence, move in within 1 year and remain in the property.
<b><i>RENTALS, SECOND HOMES, BUSINESS PROPERTIES</i></b>	
No reassessment to current market value. Up to \$1M exclusion per transferor on assessed values (property tax basis) for all other non-primary-residence properties.	No exclusion. 100% reassessed to Current Market Value. New property tax bill is property tax rate (~1.2%) of Current Market Value.

# What is Property Tax Basis?

Property Tax Basis is reset each time there is a purchase or an ownership change.  
Initial Property Tax Basis = Purchase Value = Fair Market Value → **Initial Taxable Value**

Purchased in 1990 for \$100,000  
Initial Taxable Value = \$100,000

**What was the property tax bill in 1990?**  
**\$100,000 x 1.2% = \$1,200 in 1990**



CA property tax rate is about 1.2% on average, consisting of:  
1% -> State  
0.2% -> Local (Local rate can vary from county to county)

*Illustration Only*

# What Happens to Property Tax Bill under Prop 13?

Prop 13 (1978) limits Taxable Value increase to 2% per year  
→ Property tax bills are PREDICTABLE from year to year.

Example: Purchased in 1990 for \$100,000  
In 2023, Taxable Value = \$188,454  
**What is the property tax bill in 2023?**  
**\$188,454 x 1.2% = \$2,261 in 2023**

*Children would have inherited this amount before Prop 19*



**Taxable Value**

\$100,000 in 1990

\$188,454 in 2023



CA property tax rate is about 1.2% on average, consisting of:  
1% → State  
0.2% → Local (Local rate can vary from county to county)

*Illustration Only*

# What Happens Under Prop 19? (Primary Residence -- \$1M Exclusion)

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Example:

Purchased in 1990 for \$100,000

Current Market Value=\$2,500,000

Taxable Value = \$2.5M - \$1M exclusion = \$1,500,000

**When your parents pass away, what is your new property tax bill?**

$\$1,500,000 \times 1.2\% = \mathbf{\$18,000}$  *Children's new property tax bill under Prop 19*

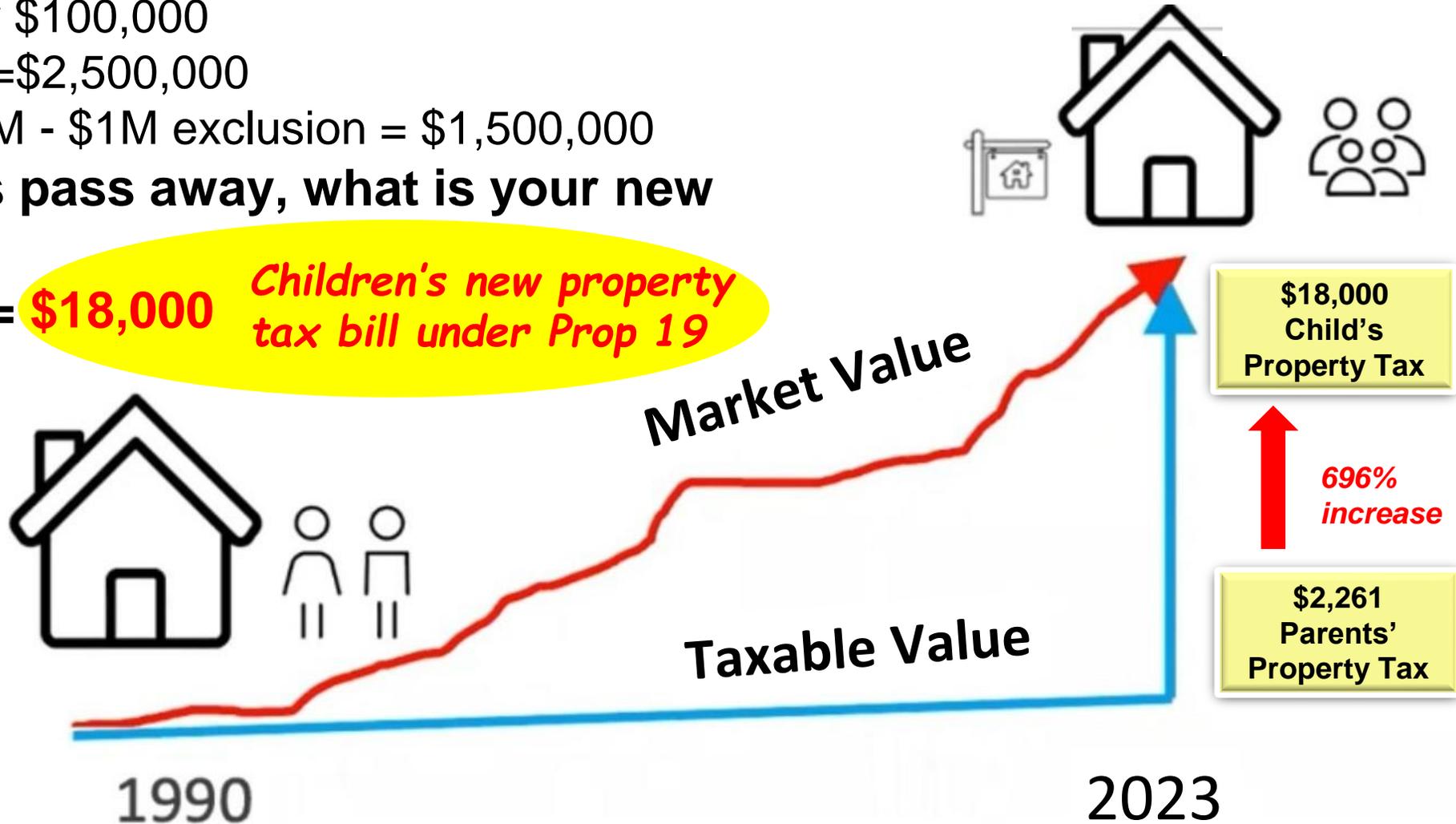


Illustration Only

This message was produced by volunteers to educate the public about the negative effects of Proposition 19.  
For more information go to [ForCalifornians.com](http://ForCalifornians.com)

11/6/2023

# What Happens Under Prop 19?

(Rentals, Second Homes, Business Properties -- No Exclusion)

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Example:

Purchased in 1990 for \$100,000

Current Market Value=\$2,500,000

Taxable Value = \$2,500,000

**When your parents pass away, what is your new property tax bill?**

$\$2,500,000 \times 1.2\% = \$36,000$  *Children's new property tax bill under Prop 19*

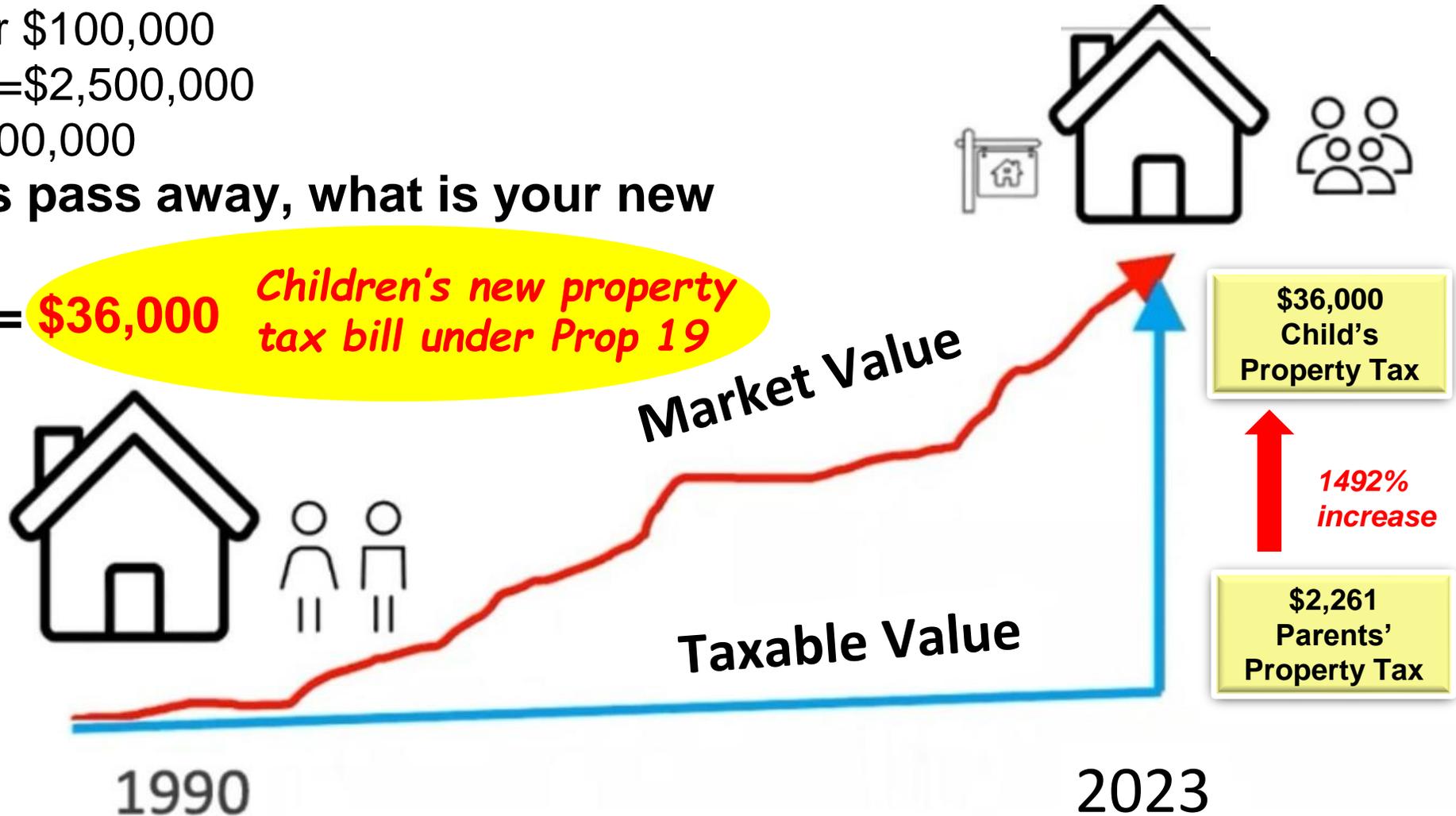


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# Property Tax Bill Before and After Prop 19

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- Parents Purchased in 1990 for \$100,000
- In 2023, Taxable Value = \$188,454 (under Prop 13, increased 2% per year)

BEFORE PROP 19 (Prop 58 parent-child / Prop 193 grandparent-grandchild transfers)	AFTER PROP 19 (Prop 58 & Prop 193 were repealed)
<b><i>PRIMARY RESIDENCE</i></b>	
<p><b>\$2,261</b> No reassessment to current market value. You continue to pay \$2,261/year. Children inherit parents' old Property Tax Basis (Taxable Value) regardless of value.</p>	<p><b>\$18,000</b> \$1M Exclusion Your new property tax bill is \$18,000/year.</p>
<b><i>RENTALS, SECOND HOMES, BUSINESS PROPERTIES</i></b>	
<p><b>\$2,261</b> No reassessment to current market value. Up to \$1M exclusion per transferor on assessed values (property tax basis) for all other non-primary-residence properties. You continue to pay \$2,261/year.</p>	<p><b>\$36,000</b> No exclusion. 100% reassessed to Current Market Value. Your new property tax bill is \$36,000/year.</p>

# WHAT is Our Advocacy?

- 'Fix Prop 19' = Group of dedicated volunteers partnering with Howard Jarvis Taxpayers Association (HJTA) on Repeal the Death Tax campaign to repeal the unaffordable property tax reassessment part of Prop 19.
- We advocate:
  - Repeal the inherited property tax reassessment part of Prop 19.
  - Restore parent-child transfers (Prop 58) & grandparent-grandchild transfers (Prop 193).
  - When parents pass away, children inherit parents' property tax basis upon inheriting property.
  - Retroactive for properties already impacted - revert to the pre-Prop 19 value (which became effective February 16, 2021).
- Portability part of Prop 19 will remain intact.
- A new petition to place this initiative on the November 2024 ballot:
  - Petition available since late August 2023.
  - Need 1.3M signatures by January 16<sup>th</sup>, 2024.
  - Any CA registered voter (18 years or older) can sign in one of 2 ways:
    - Download, print, sign, and mail back the petition:
      - [RepealtheDeathTax.com](https://RepealtheDeathTax.com)
    - Sign at the signing tables, times & locations can be found at:
      - [ForCalifornians.com](https://ForCalifornians.com)
- Join our volunteer group at [ForCalifornians.com](https://ForCalifornians.com) or email [support@forcalifornians.com](mailto:support@forcalifornians.com)

# WHY Our Advocacy? (Part 1)

**FIX\***  
**PROP 19**

- Property taxes are unaffordable for next generations and **many will be forced to sell and even leave CA.** (=less income tax to state)
- Prop 19 **limits inter-generational wealth transfers, a core value in the US.** Inheriting is many people's only chance to own a property in the skyrocketing CA housing market. The property can be transferred, but whether the family will be able to afford the reassessed taxes to keep it is in question.
- **Negatively impacts homeowners, renters, and family businesses. Unable to afford tens of thousands of dollars in property taxes.**
  - ❖ Homeowners
    - Middle class (median household income only \$80,440. <https://www.businessinsider.com/personal-finance/how-much-to-earn-middle-class-in-state-2021-4>)
    - Seniors (social security average ~\$1706/month. <https://www.bankrate.com/retirement/average-monthly-social-security-check/#:~:text=Social%20Security%20offers%20a%20monthly,more%20than%20the%20overall%20average>)
    - Disabled
    - People without earning capabilities like minor children or students
  - ❖ Renters
  - ❖ Family Businesses, for example
    - Restaurants
    - Motels/hotels
    - Nurseries
    - Retail stores
    - Service businesses like insurance brokers, real estate brokers, dentists, hair and nail salons
- **Uprooting people from the places they were raised is emotionally jarring.** The society is aging and many 'children' who inherit are not children. They are seniors in their 60s-70s who live with and take care of their elder parents in their 80s-90s & beyond, who have planned to continue living in the property once their parents pass. On social security, they cannot afford the skyrocketed property tax bills. Similarly, many disabled, whose parents have done planning for their disabled children to live in the property to provide familiarity and routine once they pass, are now subject to becoming wards of the state. These people will have to leave the places they grew up in and are familiar with. They will leave their support network of family, friends, communities, churches, and medical doctors & clinics to start all over– this will be traumatic for most people.

# WHY Our Advocacy? (Part 2)

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**PROP 19**

- **Housing prices and rents will be driven higher** by high-income earners and developers, worsening the gentrification problem in CA.
- Developers often demolish the properties and replace them with multi-story housing and charge high rent. This will **change the rental landscape of CA**.
- **2020 Election was NOT Transparent:** Prop 19 title in the 2020 election only mentioned the portability (the good part), with NO mention of the inherited property tax reassessment (the bad part). The campaign ads focused on the good part only. Many voters didn't know and still don't know the bad part was added last minute. November 2020 was at the height of the COVID pandemic, many voters were busy taking care of their elderly family and children at home. It is only fair to let Californians vote on this again with a clear title and transparent content.
- Prop 19 is nicknamed the '**Homeless Machine**' as it will likely cause more people to be homeless. <https://aagla.org/2021/02/proposition-19-the-homelessness-machine/>

## Supporting Materials:

- '**Countless families**' in CA have already been impacted, according to Jeff Prang, LA County Assessors, the largest assessor office in US and CA. So many families receive the huge property tax bills while still in grief. He calls it a 'dumpster fire', completely out of control since it went into effect in Feb 2021.
- Prop 19 was advertised to the voters as providing funds to the firefighters. According to a recent legislative analysis, presented by Senator Catherine Blakespear (D), **the firefighters didn't get a penny**. She describes it as a 'dry well' – no funds were generated for the fire fighters since Prop 19 went into effect in Feb 2021.  
<https://www.ocregister.com/2022/09/10/proposition-19-a-bust-on-funding-new-fire-response-fund/>

# You are Encouraged to Ponder ...

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- Prop 19 and Prop 13 are tightly related. Prop 13, which limits property tax increases to 2% maximum per year, has protected Californians from sudden huge property tax increases for 45 years. Proposition 13 has provided stability and reduced subjectivity. Prior to its passage, the average property tax rate was 2.67% with some years as high as 4% of the current market value! **Prop 19 is opening the door to repealing Prop 13. CA legislature is already taking steps to chip away Prop 13. Without Prop 13, property taxes would be unpredictable because we cannot predict the housing market. Every California property owner could face a huge increase in property taxes (could double every 12 years if properties appreciate 6% per year) and many more Californians might be forced to sell and move out of CA.** Let's close the door to repealing Prop 13.
  - [\\*https://calmatters.org/commentary/2023/07/something-clearly-off-homelessness-spending/#:~:text=California%20put%20aside%20%247.2%20billion,nearly%20%2442%2C000%20per%20homeless%20person.](https://calmatters.org/commentary/2023/07/something-clearly-off-homelessness-spending/#:~:text=California%20put%20aside%20%247.2%20billion,nearly%20%2442%2C000%20per%20homeless%20person.)
  - <https://arev.assembly.ca.gov/sites/arev.assembly.ca.gov/files/WhatProposition13Did%20from%20CalTax.pdf>
- CA taxes are among the highest in the nation. **Is the CA government putting our taxpayer's money to the best use?** For example, \$7.2 Billion has been spent on the homelessness problem at the State level and it's still getting worse. We are NOT underpaying taxes. **If you have extra assets after paying so much taxes throughout your life, would you rather give it to your children and give them a little safety net (or a charity organization) OR would you rather give it to the government to spend without accountability?**