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## **CA PROP 19 UPDATE**

**CA Proposition 19** was passed into law by CA voters in November 2020. It's viewed as having a "good" element and a "bad" element. (some might disagree with me on this...?)

**The first one ("Pro")** It says California homeowners over age 55 can sell (and move) and take their "low" primary property taxes **to any CA County** when purchasing a replacement residence. Additionally, sellers are NOT limited to no more than the selling price of their home. **EXAMPLE** - If your modest CA home (**say in Silicon Valley**) sells for a simple \$1.5 million and you find a cute little bungalow in Carmel (or a lavish home at Shasta on 10 acres) for \$2.0 million, you take your lower property tax base up to that \$1.5 mill and then tack on the portion (500K) above that. This seems reasonable. And this can be done three times!

Realtors and Real Estate lobbies were pushing this one hard. Why? to potentially free up properties that older people (**like me – people over 55**) have been sitting on their homes because property taxes under Prop 13 kept them relatively low (**like mine – I've owned my primary home for over 40 years now**).

**NOTE – This part applies to homes purchased AFTER April 1, 2021.** These new Prop 19 rules apply to not just only 55 and above, but also to those severely disabled and people whose properties have been severely damaged by California wildfires.

**The second one ("Con")** Unfortunately, **Parents can no longer pass on their lower home property taxes to their children or grandchildren UNLESS the child moves INTO that home, and it becomes their primary residence.** Second homes nor Rentals no longer work - Parent dies, child gets second home or rental properties, taxes GO UP to current market value.

**NOTE – This part takes effect for property transfers beginning AFTER February 15, 2021.**

I know of a situation, through clients of mine, whose Mother passed this year after Fed 15<sup>th</sup> who's will left her two homes to her adult children. (The husband / father was predeceased). One Daughter plans on moving into her Mother's primary residence (with the low property taxes) and the other Daughter was already living in the second home that she inherits. The Daughter who inherited the second home was basically taking care of her elderly Mother for years with little to no income. The properties were owned by their parents for over fifty years. Property Taxes have already been changed by the County to current value. That home's property taxes jumped from \$1,000 / year to over \$20,000. This financial impact was never anticipated, and she doesn't have the income to cover this.

**REPEAL THE "DEATH TAX ACT"** Initiative – there is currently an effort to get a revised tax law change on the November 2022 election statewide ballot to repeal the above "Con" portion of this law. The **Howard Jarvis Taxpayers Association** is leading the charge on this effort and looking for signatures. (Google > [reinstate58.hjta.org](http://reinstate58.hjta.org))