

NEWS RELEASE

ASSESSOR TOM J. BORDONARO, JR.



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VOTERS END 35-YEAR INHERITANCE PROPERTY TAX BREAK

Assessor Tom J. Bordonaro, Jr. is providing notice to taxpayers that property tax transfer laws are changing dramatically. Family members may wish to take action now to protect lower taxes when passing property ownership within a family.

"Taxpayer protections for inherited property are changing in a big way," said Assessor Tom J. Bordonaro, Jr. "These changes are the result of Proposition 19 that removes benefits and protections for families wishing to pass property to the next generation," Bordonaro said.

Assessor Bordonaro wants taxpayers to be aware that after February 15, 2021, major changes go into effect regarding the ability to transfer property from parents to children and grandparents to grandchildren without a property tax reappraisal.

"Families considering giving their property to their children or grandchildren, should consider doing this prior to the new law which will come into effect February 16, 2021," Bordonaro said. "Families wishing to pass property as inheritance may be shocked to find that the ability to do this without tax consequences will end as a result of Proposition 19," according to County Assessor Bordonaro.

Under the new law, transfers of property within a family are limited to a "principal residence" without triggering a reassessment of the property. It must be the residence of both the grantor and grantee (parent and child). Family businesses, second homes and other property that is inherited will be reassessed at market value.

Parents wishing to transfer property to their children without triggering a reassessment have been protected by Proposition 58. Grandparents similarly have the ability to pass property to grandchildren under Proposition 193. Beginning February 16, 2021, these measures are replaced by Proposition 19 which imposes new requirements that inherited property must be reassessed to reflect current market conditions, unless it is a primary residence or a family farm that is a primary residence.

Taxpayers may wish to consult an attorney regarding the pending changes in inheritance property tax laws.

Information is available about the changes under Proposition 19 by visiting the State Board of Equalization website: <https://www.boe.ca.gov/prop19/>