

Proposition 19 Destroys Generational Wealth

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As some of you know and have experienced, it is very difficult to accumulate and maintain generational wealth, especially in our underserved communities. For those that are fortunate enough to have done so, it is important for LASCC members to do everything we can in assisting property owners maintain their success and the ability to pass it on to their heirs. Recently, California Prop. 19, a Constitutional Amendment, thereby making it far more difficult to correct and fix the negative consequences, which takes generational wealth from families. Many are now beginning to realize the detrimental effects of Prop 19. All though this amendment has already passed, it is important to make community members aware of the effects and adapt their financial planning accordingly.

While there are a few positive aspects with the amendment, such as seniors over 55 wanting to move and those affected by wildfire or disaster, may retain their current property tax base, there are other aspects which may have a significant negative impact.

This may not be the case for those scheduled to receive an inheritance valued above \$1 million, which by California standards is not a significant amount of money.

Previously, if an individual were to inherit anything up to \$10 million, they would not be subject to a property tax increase, even if they did not occupy the property. Now, if they were to inherit anything over \$1 million in property value and were not going to occupy the residence, they would be subject to a significantly higher tax bill based on the properties current value. This may force some to have to borrow money, use their savings, get an additional job, and worse, liquidate their property because their expenses could greatly exceed the income generated from the property. This may also be exacerbated if the income is capped due to rent control. Ultimately, this destroys generational wealth that a family worked so hard to create.

This amendment was introduced and supported by the California Association of Realtors. I would encourage any of you who know a realtor to ask the question, knowing the challenges we face in our community, how did they come to the decision to destroy such a scarce opportunity for our community.

As another consequence to our generational wealth to be concerned about, there is discussion from our new federal administration, as well as our state elected officials, to increase federal and state capital gains while reducing inheritance tax values.

Additional Articles

[The harms of Prop. 19 will soon be clear - Howard Jarvis Taxpayers Association \(hjta.org\)](https://www.hjta.org/prop-19-harms)