

TAXATION AND GOVERNMENT FINANCE

October 6, 2021

There were no Action Items

There are important bills that are pending final adoption regarding Prop 19

SB 539 Clarifying proper implementations for prop 19 statewide

Board of Equalization -Property Tax Rule 462.520

Changes in Intergenerational Tax transfers in relation to Prop 19 - clarifies the one million dollars exclusion for inherited property.

See Proposition 19 Legal Q & A

<https://www.car.org/aboutus/mediacenter/news/prop19transferfaq>

SB 601 First-Time Homeowner: Capital Gains Exclusion - This bill would incentivize homeowners to sell their homes to first-time homebuyers by allowing them to exclude up to \$300K for single filers instead of \$250K and \$600K instead of \$500K from their gross income.

CAR supports this bill but there was discussion on the floor that this may be bias and cause issues.

A presentation was given by Matt Roberts - Federal Point of Contact -regarding the presidents \$3.5 Trillion spending plan: He is not sure of the outcome but shard what he's hearing in D.C.

1. No Restrictions on the 1031 Exchange
2. The step up basis will not be changed too much
3. Increase Cap gains rate to 25% for those households making over \$1 Million
4. Revert back to Estate Tax to \$5 Million in 2022