

Coombs & Dunlap, LLP

Seminar Series for Napa Valley Businesses

Passing on the Legacy: Entity Choice and Business Succession Planning

PROPOSITION 13

and

Business Management Planning

Presented by Jennifer S. Byram, Esq.

PROPERTY TAXES

The People's Initiative to Limit Property Taxation - 1978

- Limited to 1% of Adjusted Assessed Value
 - Plus Voter Approved Assessments
- Reassessments Limited to Property Transfers or New Construction
 - Assessed Value Increased up to 2% per Year for Inflation

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REASSESSMENT EXCLUSIONS

- Spousal Transfer Exclusion
- Parent to Child Exclusion
 - Principal Residence
 - Up to \$1M Assessed Value for Other Property
- Grandparent to Grandchild Exclusion
 - If Parent is Deceased
- Wholly-Owned Business Transfer Exclusion
 - Transfer from Individuals to Wholly-Owned Business Entity

ENTITY-OWNED REAL PROPERTY

- Transfer of Entity Interests Can Trigger Reassessment
 - Fifty Percent Rule for Real Property Transferred Under an Exemption
 - Acquisition of Control of Entity is Acquisition of Real Property, with 100% Reassessment
- Parent to Child Exclusion Does *Not* Apply

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BUSINESS MANAGEMENT PLANNING

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BUSINESS MANAGEMENT

- Split Between Ownership and Management
- Management Questions
 - WHO?
 - HOW?

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CHOOSING A MANAGER (WHO?)

- What is the Manager's Role?
 - Continue the Business
 - Sell the Business as a Going Concern
 - Wind Up the Business
- Should the Manager Be a Family Member?
 - Interests and Abilities
 - Family Dynamics / Personal Relationships

GIVING MANAGEMENT CONTROL (HOW?)

- Transfer Ownership
 - Sale
 - Gift
- Retain Ownership
 - Employment Contract with Manager
 - Voting Rights for Shares or Membership Interests
 - Authority to Manage Business on Your Behalf

There is No Substitute for Advanced Planning

Don't Wait for a Crisis

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Jennifer S. Byram, Esq.

Jennifer S. Byram has been with Coombs & Dunlap, LLP for over three years practicing in the Estate Planning and Administration Department. Ms Byram, a graduate of University of California, Hastings College of Law, has extensive experience in wills, trusts, probates and business succession planning.

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