REN ADVISORY BRIEF • CHARITABLE PLANNING INTELLIGENCE

California's Proposed Billionaire Tax:
A Signal Worth Paying Attention To

Major shifts in tax policy are a natural prompt to revisit the giving conversation. Here is what advisors need to know.

Ren powers more than 60% of donor-advised fund programs in the United States. That position gives us an early view of signals that matter to advisors, donors, and the institutions that serve them, often before they become industry consensus. California's Proposition 40, the proposed Billionaire Tax Act, is one of those signals. It does not affect most clients. It may not pass. Yet it is already reshaping how the most sophisticated charitable planning conversations in this country begin, and that matters for every advisor watching it as a potential bellwether for what comes next.

Significant shifts in tax policy are a natural prompt for high-net-worth individuals and their advisors to revisit how charitable giving fits into their broader financial and estate planning.

WHAT WE KNOW

The Proposal, Plainly Stated

There is no California Billionaire Tax currently in effect. What the industry is tracking is the proposed California Billionaire Tax Act, now formally designated as Proposition 40, which qualified for the November 3, 2026 ballot with 980,438 valid signatures. The June 25, 2026deadline for a legislative withdrawal passed without a deal. The measure is confirmed for voter consideration.

The measure would impose a one-time 5% tax on the net worth of California residents with more than $1 billion in wealth, affecting approximately 200 people. Two counter-initiatives backed by a coalition of tech billionaires also qualified for the same ballot; one could effectively nullify Proposition 40 even if it passes. The outcome is genuinely uncertain on multiple fronts.

WHY IT MATTERS

A Wealth Tax Works Differently

This is the distinction advisors most need to understand before client conversations begin.

Traditional charitable deductions reduce taxable income. **A wealth tax is imposed on net worth, not income.** The familiar ways charitable giving interacts with income taxes do not automatically carry over to a wealth tax framework.

How Proposition 40 would interact with specific charitable vehicles, including DAFs, charitable remainder trusts, and private foundations, will depend on California Franchise Tax Board rulemaking, Attorney General interpretive guidance, and case law. That interpretive layer will not exist until well after the vote. That is exactly why proposals like this are worth following and discussing early, rather than assuming any particular approach will or will not apply.

> WHAT REN IS WATCHING
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> Ren powers a large share of the country's donor-advised fund programs, which gives us an early read on how charitable planning behavior shifts when the policy landscape changes.
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> We are tracking Proposition 40 closely and will share what we learn as the picture develops. Our role is not to predict outcomes or advise on specific vehicles. It is to make sure advisors and their clients have the clearest, most current picture available, including when the honest answer is that we are still watching.

THE BIGGER PICTURE

The Shift That Is Already Happening

For ultra-high-net-worth Californians, the proposed wealth tax is already moving the charitable conversation earlier in the planning cycle. The question that used to come after liquidity is now coming before it.

The conversation advisors have been having	The conversation happening now
"Should I give after liquidity?"	*"Should we think about how charitable giving fits into my overall planning picture?"*

That shift is the planning opportunity. Advisors who are part of these conversations now, before the ballot outcome is known, will be better positioned to serve clients regardless of what the vote produces. For advisors, moments like this are an opportunity to be part of a client's charitable planning conversation early, which is often where the most durable client relationships are built.

California is not alone. Washington has already moved on related high-wealth legislation, and the outcome here will be watched closely by states across the country.

WHAT TO WATCH

The Assets Already at the Center of Conversations

Regardless of the ballot outcome, the wealth-tax discussion is already accelerating advisor and founder interest in complex-asset charitable planning. These are the asset types most relevant to conversations happening right now:

- Pre-IPO and private company stock, where founders are considering how charitable giving fits into pre-liquidity planning
- Appreciated real estate, where charitable remainder trust structures are often a natural starting point for the planning conversation
- Venture fund and private equity interests, which sophisticated DAF sponsors are equipped to accept and hold
- Concentrated public equity positions, which remain among the most common complex-asset DAF contributions

Each of these asset types requires a DAF sponsor with the operational capability to accept, hold, and administer complex contributions. Not every sponsor is equipped for this work. The infrastructure matters.

THE COUNTERARGUMENT

What Advisors Should Also Know

The opposition to Proposition 40 is broader than billionaires versus labor. Opponents have raised more than $120 million, and prominent progressive organizations including Planned Parenthood Affiliates of California, the California Medical Association, and the California Teachers Association have also come out against it. The political landscape is genuinely fractured.

For philanthropy, the longer-term concern is donor migration. At least six billionaires left before the January 1, 2026 residency deadline, taking an estimated $27 billion in potential revenue with them. If more follow, charitable capital could shift away from California causes over time.

For advisors, this is not a reason to avoid the planning conversation. It is a reason to have it earlier, before a client makes a residency decision that fundamentally changes the planning equation.

Your clients are already thinking about this. The question is whether you are part of the conversation before they decide.

REN'S VIEW

What We Know, What We Don't, and What We're Doing About It

We do not have all the answers. Proposition 40 has not been enacted, and its practical application to charitable vehicles will depend on rulemaking and interpretive guidance that will not exist until well after the November vote. We are not in the business of predicting outcomes or advising on specific planning strategies.

What we do have is a vantage point no single advisor, firm, or sponsor can match. Ren powers more than 60% of U.S. DAF programs. When the policy landscape shifts, we see the effects in contribution behavior, asset type, and planning urgency before they become trend pieces. We intend to share what we learn.

We are tracking this proposal closely. As the ballot outcome becomes clear and interpretive guidance develops, we will publish updated analysis. Our commitment is to give advisors and industry partners the clearest, most honest picture we can.

About Ren

Ren is the infrastructure powering more than **60%** of U.S. donor-advised fund programs, with **$200B+** in charitable assets, **150+** unique DAF programs, and **40+** years of institutional service.

Our mission is powering yours.

Disclosure

This brief is for informational purposes only and does not constitute legal, tax, or financial advice. Proposition 40 is a proposed ballot measure that has not been enacted. Advisors and clients should consult qualified legal and tax counsel before implementing any charitable planning strategy.