

[Question 4: What Kind of Gift Is It, and Do Special Rules Apply as a Result?](#)

Inheritances

Inheritances are also exempt from the gift limits and reporting requirement.¹ Inheritances usually involve the disbursement of estate assets following the death of the prior owner.²

The FPPC has also acknowledged, however, that federal tax policy permits limited distributions from an estate during the life of the testator. As a result, the FPPC was willing to find that a distribution of assets from the estate of a relative, made during the relative's lifetime to avoid estate taxes, do not constitute reportable "gifts" and are not subject to gift limits.³

Note however that if such inheritance is or is converted into a reportable interest (for example, converting cash into a stock investment), then the interest must be disclosed on the official's [Form 700](#).⁴

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Although the Institute tries to help local officials understand laws that apply to their public service, these materials are not legal advice. Attorneys can and do disagree on the best interpretation of the law in any given area. In addition, the law can and does change over time. Officials are encouraged to consult with an attorney or relevant regulatory authorities for up-to-date information and advice on specific situations.

As the acknowledgements section indicates, the Institute's work reflects input from a variety of sources. The Institute welcomes feedback and suggestions for improving this resource:

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This excerpt was taken from the June 2011 installment of Western City magazine gift series. The entire article can be found at www.westerncity.com

¹ Cal. Gov't Code § 82028(b)(5); 2 Cal. Code Regs. § 18942(a)(5).

² *Persons Advice Letter*, No. A-07-054 (2007).

³ *Persons Advice Letter*, No. A-07-054 (2007) (note that the relative was a great aunt, which was not one of the relatives listed in the FPPC's list of relatives).

⁴ *Eland Advice Letter*, No. I-09-048 (2009).