

Date of Hearing: April 6, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION
Mike Gipson, Chair

AB 1971 (Bennett) – As Amended March 25, 2026

Majority vote. Fiscal committee.

SUBJECT: Property tax: exclusion from reassessment: home hardening retrofitting improvements

SUMMARY: Requires the State Board of Equalization (BOE) to update rules and regulations to clarify that "home hardening retrofitting improvements" meeting certain conditions do not trigger reassessment as new construction. Specifically, **this bill:**

- 1) Requires the BOE to adopt rules and regulations, as a part of property Tax Rule 463 relating to newly constructed property, clarifying that "home hardening retrofitting improvements" that do not add square footage, do not change the property's use, do not include structural reconfigurations, and do not include substantial rehabilitation are not reassessed as new construction.
- 2) Defines "home hardening retrofitting improvements" as including, but not being limited to, the installation of "Class A roofs" and "multiplane windows," vent screening, the establishment of "defensible space," and the use of "fire-resistant materials" for the construction or reconstruction of fences, decks, sidings, eaves, and doors pursuant to Chapter 7A of Title 24 of the California Code of Regulations.
- 3) Excludes from the definition of "home hardening retrofitting improvements" modifications that expand the square footage of the property.
- 4) Defines a "Class A roof" as a roof assembly that is effective against severe fire test exposure and which is identified as Class A by an approved testing agency.
- 5) Defines "defensible space" as the area adjacent to a structure or dwelling where wildfire prevention or protection practices are implemented to provide defense from an approaching wildfire or to minimize the spread of a structure fire to wildlands or surrounding areas.
- 6) Defines "fire-resistant materials" as a type of building material that complies with Section 704A of Chapter 7 of Title 24 of the California Code of Regulations.
- 7) Defines "multiplane windows" as windows constructed of multiplane glazing with a minimum of one tempered plane meeting the requirements of Section 2406 of Title 24 of the California Code of Regulations or that have a fire-resistance rating of at least 20 minutes when tested.

EXISTING LAW:

- 1) Provides that all property is taxable, unless otherwise stipulated by the California Constitution or laws of the United States. (California Constitution, Article XIII, Section 1.)
- 2) Limits the maximum amount of *ad valorem* property taxation to 1% of the full cash value of the property. Generally, the Constitution restricts the full cash value of a property to the assessed value upon a change of ownership in, or new construction on, the property. Certain new construction is exempt from assessment, including the construction or installation of any fire sprinkler system, other fire extinguishing system, fire detection system, or fire-related egress improvement, as specified. (California Constitution, Article XIII A, Sections 1 and 2 and Revenue and Taxation Code Section 74(c).)
- 3) Establishes the State Housing Law which requires new buildings proposed for construction meet certain standards established under the California Building Standards (CBS) Law. (Health and Safety Code (HS&C) Section 17910 *et. seq.*)
- 4) Establishes the California Building Standards Commission (Commission) under the CBS Law. The CBS Law requires the Commission to approve and adopt building standards and to codify those standards in the California Building Standards Code. (H&SC Section 18901 *et. seq.*)

FISCAL EFFECT: Pending an estimate by the BOE, but likely in excess of this Committee's Suspense File threshold.

COMMENTS:

- 1) The author has submitted the following statement in support of this bill:

As climate change intensifies the frequency of destructive wildfires across California, the necessity to hardening homes against ember storms has become critical. AB 1971 incentivizes home hardening by ensuring that these essential retrofits do not trigger property tax reassessment. By removing the uncertainty of how a homeowner's taxes will be reassessed, the state encourages homeowners to take meaningful steps to protect their property. This bill provides a vital tool to mitigate property loss in the wake of climate change.

- 2) The California Building Industries Association, writing in support of this bill, states, in part:

[The] Headwater Economics research group has estimated that hardening a two-story, 2,000-square-foot single-family home could cost anywhere from \$2,000 to "more than \$100,000." Wildfire-prepared communities aid in protecting against catastrophic loss, thereby incentivizing property owners to take appropriate steps to mitigate their risk to their community and property is crucial. Mitigation efforts will prove immensely helpful and will be more accessible through the implementation of AB 1971.

- 3) Committee Staff Comments:

- a) *California fires:* According to the California Department of Forestry and Fire Protection (CalFire), 14 of the 20 most destructive California wildfires have occurred in the last

decade. These fires represent a combined millions of acres burned and tens of thousands of structures damaged or destroyed¹.

- b) *Building code standards*: California's building code standards governing the construction of new buildings are housed in Title 24 of the California Code of Regulations. Under this title, Chapter 7A stipulates the type of eligible construction materials and methods that must be used for hardening against fire when constructing structures in wildland-urban interface fire areas after the date of the adoption of the regulation. The chapter specifies the type of improvement and the standard which it must meet to comply. For instance, exterior improvements must withstand certain exposures to flame at certain intensities for specified durations.
- c) *Property Tax Rule 463*: Under existing law, new construction to real property is generally considered assessable, unless the construction is specifically excluded from the definition of "new construction" in the state constitution. The BOE, in their promulgation of regulations, clarifies the statutory definition of new construction in Property Tax Rule 463. Under that rule, one type of new construction that is not considered assessable is the repair and maintenance of existing features of the property. Improvements are generally considered assessable new construction, regardless of whether that improvement is an addition or an alteration. Alterations are assessable if the alteration rehabilitates the property to a like new condition, or converts the property to a different use. Thus, the action of carrying on, preserving, or retaining real property fixtures in property condition constitutes normal maintenance that is not assessable.

The BOE publishes direction to county assessors on how to administer property tax law in the Assessors' Handbook. According to Section 410 of the Assessors' Handbook, the "installation of a new shake roof that replaces an existing composition shingle roof", routine painting, or "replacements or repairs that are periodically required during the life of the improvement, such as replacement of rain gutters" are all improvements considered normal maintenance that do not constitute assessable new construction. An important caveat is that property purchased in a poor condition and rapidly improved is considered assessable. Section 410 notes the "timing and scope of work must be considered to determine when maintenance and repair becomes rehabilitation and renovation that brings an improvement (or a portion) to the substantial equivalent of new." Ultimately, however, the assessor is responsible for determining what is an assessable improvement and what is non-assessable repair or maintenance.

- d) *Installation of fire-suppression systems*: The California Constitution authorizes the Legislature to exclude from the definition of new construction the construction or installation of any fire sprinkler system, other extinguishing system, fire detection system, and fire-related egress improvement. The Legislature provides that only the construction or installation of such system or improvement to an existing building qualifies for the constitutionally authorized new construction exclusion. The author

¹ CalFire, *Top 20 Most Destructive California Wildfires*. <https://34c031f8-c9fd-4018-8c5a-4159cdf6b0d-cdn-endpoint.azureedge.net/-/media/calfire-website/our-impact/fire-statistics/top-20-destructive-ca-wildfires.pdf?rev=737a1073f76947b4a3bfb960b19f44c7&hash=7CA02D30D9BF46A32D5D98BD108BA26A>, accessed March 2026.

points to the treatment of fire-suppression systems as a portion of the basis for this bill. Fire-suppression systems differ from fire-resistant hardening improvements in that fire-suppression systems have an explicit constitutional exclusion from the definition of new construction.

- e) *Treatment of fire-resistant hardening improvements:* As noted above, assessors have the authority to determine what is non-assessable repair or maintenance, within certain bounds. Additionally, the installation of a new roof to replace a deteriorated roof generally qualifies as a nonassessable repair or improvement. If, however, that same replacement were undertaken as a broader set of improvements to the property that significantly improve the property, the replacement of that roof along with the other improvements may constitute assessable improvements. Thus, by extension, the same unclear treatment regarding improvements to harden a structure against fires appears to have arisen as assessors determine on a case-by-case basis whether an improvement is assessable.
- f) *This bill:* The author has stated that the intent of this bill is to clarify what constitutes assessable improvements when property owners are hardening their properties against fire. As currently drafted, this bill would direct the BOE to update Property Tax Rule 463 to clarify that certain types of home hardening retrofitting improvements do not trigger reassessment as new construction if the improvements meet certain criteria.
- g) *Clearing the smoke:* This bill currently stipulates that certain types of improvements pursuant to Chapter 7A of the Building Standards Code should be considered as non-assessable new construction, but then provides that these improvements are not limited to those stipulated in the bill. Thus, as currently drafted, it is not clear whether this bill would authorize any home hardening improvement as a non-assessable improvement if it does not expand the property's use, change the square footage, structurally reconfigure, or substantially rehabilitate the property. The author may wish to consider amending this bill such that a "home hardening retrofitting improvement" is an improvement that complies with the requirements for the relevant improvement under the most recent version of Chapter 7A of the California Building Standards Code.
- h) *One change to rule them all:* As currently drafted, this bill requires the BOE to adopt rules and regulations as a part of Property Tax Rule 463 relating to newly constructed property, clarifying that home hardening retrofitting improvements meeting certain conditions do not trigger reassessment as new construction. The construction of this requirement does not appear to align with terminology under existing property tax law. The author may wish to consider amending this bill to direct the BOE to update Property Tax Rule 463 to provide that home hardening retrofitting improvements are considered nonassessable repair and maintenance.
- i) *Clarity or subsidy:* The Building Standards Code requires certain features be included in all newly built structures. Among these requirements are the fire-resistant hardening improvements stipulated under Chapter 7A for buildings constructed in wildland-urban interface fire areas. As currently drafted, this bill would direct the BOE to update Property Tax Rule 463 relating to newly constructed property, clarifying that home hardening retrofitting improvements subject to certain conditions do not trigger reassessment as new construction. Under existing property tax law, the definition of new

construction includes assessable improvements and the construction of a wholly new building. Given the author has stated that this bill's intent is to clarify that fire-resistant hardening is considered a nonassessable improvement, the author may wish to consider amending this bill to clarify that home hardening retrofitting improvements to existing buildings only are considered nonassessable repair and maintenance.

REGISTERED SUPPORT / OPPOSITION:

Support

California Apartment Association
California Building Industry Association
James Hardie
The Nature Conservancy
Tri County Chamber Alliance

Opposition

None on file

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