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THIRD READING

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Bill No: AB 245  
Author: Gipson (D)  
Amended: 8/29/25 in Senate  
Vote: 27 - Urgency

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SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 7/9/25  
AYES: McNerney, Valladares, Ashby, Grayson, Umberg

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25  
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 79-0, 6/3/25 - See last page for vote

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**SUBJECT:** Property taxation: application of base year value: disaster relief

**SOURCE:** Author

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**DIGEST:** This bill enacts two property tax relief provisions to assist taxpayers affected by the 2025 Los Angeles County Fires.

**ANALYSIS:**

Existing law:

- 1) Provides that all property is taxable unless explicitly exempted by the Constitution or federal law (California Constitution, Article XIII, Section One.)
- 2) Limits the maximum amount of any *ad valorem* tax on real property at 1% of full cash value, plus any locally-authorized bonded indebtedness, and caps a property's annual inflationary increase in taxable value to 2%. Provides that assessors reappraise property whenever it is purchased, newly constructed, or when ownership changes (California Constitution, Article XIII A, as added by Proposition 13, 1978).

- 3) Allow temporary reductions in assessed value in cases where real property suffers a decline in value (California Constitution, Article XIII A, as amended by Proposition 8, 1978).
- 4) Implements Proposition 8 to direct the assessor to evaluate the change in a property's value from one lien date (January 1 of each year) to the next, and enrolls a new value if the property's current market value falls below its previous assessed value. If the market value subsequently increases, the assessor can revalue the property upward, but not higher than its Prop. 13 value.
- 5) Permits the Legislature to authorize local agencies to provide for the assessment or reassessment of taxable property "physically damaged or destroyed" for property tax purposes (California Constitution, Article XIII, Section 15).
- 6) Allows a county board of supervisors to enact an ordinance allowing any taxpayer whose property was damaged or destroyed in a major misfortune or calamity, and not by the fault of the taxpayer, to apply for reassessment.
- 7) Requires taxpayers to file a claim with the county assessor within the time specified in its ordinance, or 12 months from the date of damage or destruction, whichever is later.
- 8) Directs the assessor to revalue the property to its disaster-affected value upon the taxpayer filing a claim.
- 9) Sets, generally, a property's value as its sales price when purchased or, when there is no sales price, at its fair market value when ownership changes (base year value).
- 10) Requires an annual inflation adjustment to that value that cannot exceed 2% (factored base year value).
- 11) Allows for base year value transfers in specified circumstances, which allow a taxpayer to continue paying property taxes at the factored base year value of their previous home (or other property types where the law allows) and not on the value of their newly purchased or constructed home.
- 12) Permits a taxpayer to transfer their base year value when their property is damaged by a major misfortune or calamity and located in an area the Governor declared or proclaimed to be in a state of disaster (Proposition 50, 1986).

- 13) Provides that any timely reconstruction of property damaged or destroyed by a misfortune or calamity was not reassessed, so long as the reconstruction is “substantially equivalent” to the property prior to damage or destruction. Assessors then value any newly constructed property that was not “substantially equivalent” at fair market value.
- 14) Directs assessors to not revalue a reconstructed structure that is larger in size if its value is within 120% of the value of the damaged or destroyed structure. Assessors only assess, to fair market value, that portion of value that exceeds 120% of its pre-disaster value (AB 2013, Irwin, Chapter 124, Statutes of 2020).
- 15) Requires taxpayers to complete reconstruction within five years to apply AB 2013’s protections, with specified exceptions.

This bill:

- 1) States that the fair market value of real property affected by the 2025 Los Angeles Fires on the January 1, 2025 lien date shall be its full cash value as of the date the property was damaged or destroyed, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in value. This provision applies notwithstanding the general law determining property value as of the lien date, and only to property:
  - a) Impacted by the 2025 fire disasters in Palisades, Eaton, Hurst, Lidia, Sunset, or Woodley, as proclaimed by the Governor.
  - b) The sum of the full cash values of the land, improvements, and personalty before the damage or destruction exceeds the sum of the values after the damage by ten thousand dollars or more.
  - c) The property is not eligible for disaster reassessment.
- 2) Lengthens the five-year deadline in AB 2013 by three years if the qualified property was substantially damaged or destroyed on or after January 1, 2025, but before February 1, 2025, and is applicable for the determination of base year values for the 2025–26 fiscal year and thereafter.
- 3) Contains legislative findings and declarations to state that its retroactive treatment does not constitute a gift of public funds for purposes of Section 6 of Article XVI of the California Constitution.

- 4) Provides that its provisions take effect immediately as an urgency statute.
- 5) Contains provisions to resolve conflicts with SB 663 (Allen, 2025).

## **Background**

*Los Angeles County Fires.* The National Weather Service held a conference call with Southern California fire and emergency management officials on Jan. 3, warning that a “truly historic event” was due in four days, with the possibility of fires that would spread with extraordinary speed. On January 7, 2025, a series of fires exploded in Los Angeles County, for which the Governor declared a state of emergency to exist in Los Angeles and Ventura counties. According to the California Department of Forestry and Fire Protection, the Palisades Fire burned 23,448 acres, destroyed 6,833 structures, and killed 12. The Eaton Fire burned 14,021 acres, destroyed 9,418 structures, and killed 18. The Kenneth Fire started two days later, and the Hughes Fire started on January 22nd; neither destroyed structures or resulted in loss of life. The UCLA Anderson School of Management estimates total property and capital losses could range between \$76 billion and \$131 billion, with insured losses estimated up to \$45 billion. The causes of all four fires remain under investigation.

*Disaster reassessment.* When a property has a loss of more than \$10,000 in market value due to physical damage or destruction due to a major misfortune or calamity, including a wildfire in an area declared a state of emergency by the Governor, the assessor revalues the property as of the date of disaster, which reduces valuations for tax purposes in the future until reconstructed, and can result in a refund of previously paid taxes. For properties completely damaged or destroyed by the disaster, determining the necessary threshold of \$10,000 in damage when comparing a property’s pre-disaster and post-disaster value is straightforward; the assessor can quickly decide the threshold is met. However, for properties where damage or destruction was significant, but not complete, assessors must gather a great deal of information to qualify homeowners for disaster relief. They compare separate values of land, improvements, and personalty before and after the disaster damage to determine whether the \$10,000 threshold is met, and if so, the specific percentage reduction to apply. Properties with significant but partial destruction will likely eventually qualify for Prop. 8 decline in value reassessment, but will have to wait until January 1, 2026 to request a reduction (almost one year after the fires), and their current 2025-26 taxes will reflect their property’s pre-disaster value. This bill allows the assessor to revalue properties for 2025-26 that were damaged or destroyed by the 2025 Los Angeles Fires, so long as they determine market value loss of \$10,000 or more, instead of the more administratively

cumbersome process of comparing pre- and post-disaster values for each of the land, personalty, and improvements. The assessor expects this bill to apply to around 2,000 properties, many of which have suffered smoke and other indirect damage. To qualify under AB 245, the property must be impacted by the 2025 fire disasters in Palisades, Eaton, Hurst, Lidia, Sunset, or Woodley, as proclaimed by the Governor, with a decline in value of \$10,000 or more.

*AB 2013.* AB 2013's reassessment protections only apply when taxpayers complete reconstruction within five years of the disaster, a deadline which can be difficult to meet. This bill extends this period an additional three years, following a precedent set by the Legislature in the 2018 Camp Fire and Woolsey Fire disasters (AB 1500, Irwin, Chapter 583, Statutes of 2023).

### **Related/Prior Legislation**

SB 663 (Allen, 2025) also enacts property tax relief provisions for taxpayers affected by the 2025 Los Angeles County Fires, including lengthening AB 2013's five year deadline; SB 663 also extends this deadline for taxpayers affected by fires in Ventura County in 2024. The bill is currently pending on the Assembly Floor.

**FISCAL EFFECT:** Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- The Board of Equalization (BOE) estimates that this bill would result in annual property tax revenue losses of \$184 million. Reductions in local property tax revenues, in turn, can increase General Fund Proposition 98 spending by up to roughly 50 percent (the exact amount depends on the specific amount of the annual Proposition 98 guarantee, which in turns depends upon a variety of economic, demographic and budgetary factors). BOE would incur minor administrative costs to implement the provisions of the bill.
- By imposing specified duties on local tax officials, this bill creates a state-mandated local program. To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs. The magnitude is unknown, but potentially in excess of \$50,000 annually (General Fund).

**SUPPORT:** (Verified 8/29/25)

State Board of Equalization  
California Apartment Association  
California Assessors' Association  
California Association of Realtors  
California Charter Schools Association  
California Federation of Teachers  
California Taxpayers Association  
Howard Jarvis Taxpayers Association  
Independent Insurance Agents & Brokers of California, Inc.

**OPPOSITION:** (Verified 8/29/25)

None received

**ARGUMENTS IN SUPPORT:** According to the author, “the 2025 LA Fires are the most destructive fires in our state's history. As Los Angelenos recover in the aftermath of this devastation, the extent of damage has become painfully clear. According to a report by the UCLA Anderson Forecast, LA County suffered between \$76 and \$131 billion in total capital and property losses. By comparison, this is nearly an order of magnitude greater than what had been the most destructive fire in our state, the Camp Fire. AB 245 provides victims of the LA Fires additional time to rebuild their home or business without experiencing a property tax increase, and ensures property owners are not forced to pay taxes on the higher, undamaged assessed value of their home for 2025. This relief is vital, as those with less means have less ability to access the limited pool of materials, labor, and services that many victims will simultaneously demand to rebuild. Additionally, AB 245 ensures the LA County Assessor has the authority to automatically reduce the assessed value of damaged properties, providing immediate relief to victims.”

**ASSEMBLY FLOOR:** 79-0, 6/3/25

**AYES:** Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca

Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta,  
Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

Prepared by: Colin Grinnell / REV. & TAX. / (916) 651-4117

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