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# SENATE COMMITTEE ON REVENUE AND TAXATION

Senator Jerry McNerney, Chair  
2025 - 2026 Regular

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**Bill No:** SB 1053  
**Author:** Niello  
**Version:** 2/12/26  
**Consultant:** Grinnell

**Hearing Date:** 3/25/26  
**Tax Levy:** Yes  
**Fiscal:** Yes

## ***PROPERTY TAXATION: TRANSFER OF BASE YEAR VALUE: DISASTER RELIEF***

*Allows boards of supervisors in counties affected by disasters to extend two property tax deadlines for three years by ordinance.*

### **Background**

Article XIII of the California Constitution provides that all property is taxable unless explicitly exempted by the Constitution or federal law. Article XIII A of the Constitution limits the maximum amount of any ad valorem tax on real property at 1% of full cash value, and directs assessors to set assessed values at 1975-76 market value levels and to only reappraise property thereafter if there is new construction or a change in ownership (Proposition 13, 1978).

**Base year value transfers.** State law implementing Proposition 13 generally sets 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). Thereafter, the law requires an annual inflation adjustment to that value that cannot exceed 2% (factored base year value).

Base year value transfers allow a taxpayer to continue to pay 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, often resulting in tax savings. For example, a taxpayer who purchased their residence for \$100,000 in 1975 now has a base year value under Proposition 13 that cannot exceed \$274,591 under the 2% cap in annual inflationary growth, regardless of its market value. A base year value transfer allows a taxpayer to transfer the \$274,591 value to a newly purchased or constructed property, subject to specified requirements; without a base year value transfer, the new property would be assessed at fair market value.

**Proposition 50.** In June 1986, voters enacted Proposition 50 to allow a taxpayer to transfer their base year value when their property is damaged by a major misfortune or calamity and is located in an area the Governor declared to be in a state of disaster. State law implements Proposition 50 to allow the transfer when:

- The damaged property sustains physical damage amounting to more than 50% of its full cash value immediately prior to the disaster;
- The replacement property is located in the same county as the damaged property and is acquired or newly constructed within five years after the disaster;
- The replacement property is comparable to the damaged property in size, utility, and function. For example, a residential property can be a replacement property for a damaged residence, but not for a commercial, agricultural, or industrial property;

- The market value of the replacement property does not exceed 120% of the fair market value of the replaced property in its pre-damaged condition. Property owners can still receive this disaster relief in cases where the value of the replacement property exceeds the 120% limitation, but any amount over this threshold is assessed at full market value and added to the transferred base year value; and,
- The buyer of the replacement property was the owner of the damaged property at the time of damage.

**Proposition 171.** In November 1993, voters additionally allowed taxpayers to transfer base year values to other counties when their property is damaged by a major misfortune or calamity and located in an area declared to be in a state of disaster by the Governor (Proposition 171). However, Proposition 171 only allowed transfers to other counties for a taxpayer’s principal place of residence, and solely when the board of supervisors in the county where the replacement property is located has adopted an ordinance making this benefit available. As of May, 2021, 14 counties have such an ordinance: Contra Costa, Glenn, Los Angeles, Modoc, Orange, San Diego, San Francisco, Santa Clara, Solano, Sonoma, Sutter, Ventura, Yolo, and Yuba. Additionally, unlike Proposition 50, Proposition 171 explicitly stated that replacement homes must be purchased or newly constructed within three years.

**AB 2013 (Irwin, 2020).** Prior to 2020, 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 and add it to the factored base year value. As a result, taxpayers with property damaged by a disaster that they subsequently repair or reconstruct can often have some portions of their properties with different base year values, depending on whether the property was destroyed, whether the damaged property incurred a loss in value, and the degree of any reconstruction. Taxpayers can even have different base year values for the same building, because the assessor will only assess to fair market value the portion of the building that is *not* substantially equivalent. For example, a taxpayer owns a 1,200 square foot home that is destroyed in a wildfire. If they replace the home with a 3,500 square foot home, the assessor values the additional square footage at fair market value and adds that value to the factored base year value for the 1,200 square foot home.

In 2020, the Legislature enacted AB 2013 (Irwin) to ensure consistency between the standards that apply to owners who rebuild onsite using the new construction exclusion, who currently must meet the “substantial equivalence” requirement, and the more specific and flexible requirements that apply to owners who transfer their base year values to a newly purchased or constructed offsite property under Propositions 50. Under AB 2013, assessors would not revalue a structure that is larger in *size* if its *value* is within 120% of the value of the damaged or destroyed structure. Additionally, the assessor will only assess to fair market value that portion of value that exceeds 120% of its pre-disaster value. This treatment only applies when taxpayers complete reconstruction within five years of the disaster.

The five-year deadline can be difficult to meet. Disaster-affected property owners often become their own property developers and have to navigate insurance, permitting, and construction contracting. As a result, the Legislature has extended AB 2013’s five-year deadline by three years for both the 2018 Camp Fire and Woolsey Fire disasters (AB 1500, Irwin, 2023). Last year, the Legislature preemptively extended the deadline for properties affected by the 2024 and 2025 fires in Los Angeles and Ventura counties (AB 245, Gipson and SB 663, Allen).

Currently, only the Legislature, by statute, can extend the deadline for Proposition 50 base year value transfers and AB 2013 onsite rebuilds. As wildfires continue to ravage the state, the author wants to allow county boards of supervisors in counties affected by disaster to extend these deadlines up to three years by ordinance.

### **Proposed Law**

Senate Bill 1053 permits the county board of supervisors of any county proclaimed by the Governor to be in a state of emergency or otherwise determined or declared by the Governor to be in a state of disaster, on or after January 1, 2026, but before January 1, 2031, to extend by three years:

- The five-year time period to transfer the base year value of property in that county that is substantially damaged or destroyed by the disaster to comparable property within the same county that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property.
- The five-year deadline in AB 2013 if the qualified property was substantially damaged or destroyed by the disaster to a replacement property that is reconstructed on the same site and that is comparable to the damaged or destroyed property.

The bill provides that a county must enact any extension by ordinance, and applies to determinations of base year values for lien dates occurring on or after January 1, 2026, to January 1, 2031.

### **State Revenue Impact**

According to BOE, SB 1053's revenue impact is indeterminable.

### **Comments**

1. **Purpose of the bill.** "SB 1053 authorizes the county board of supervisors of any county affected by a disaster declared by the Governor on or after January 1, 2026 until January 1, 2031, to extend the 5 year time period to transfer property tax base year values by up to 3 years for properties located in that county or to the same property affected by the disaster. Existing property tax law already provides that the property tax base year value of real property that is substantially damaged or destroyed by a Governor declared disaster, may be transferred to a comparable property located within the same county that is acquired or newly constructed within 5 years after the disaster as a replacement property. This has been of benefit to homeowners who are navigating a very difficult time dealing with a disaster and the rebuilding process affecting their property. Recent fire events have shown that 5 years is proving to be a difficult time line to get replacement property built. In recognition of this dilemma, the Legislature has extended the 5 year period numerous times for disaster specific events to accommodate a longer period (AB 1500-Irwin 2023, SB 663-Allen 2025, SB 303-Borgeas 2021, AB 556-Gallagher 2023, AB 157-Anderson 2010). Given the unprecedented wildfires in the Los Angeles area last year, it is going to be a huge challenge to see any rebuilding completed in 5 years. It is time for the Legislature to consider allowing the local land and tax use authorities to make this decision on an on-going basis. Whether it is fire, floods, mudslides, earthquakes, local board of supervisors are closer to the problems affecting their communities and can adjust the time period if needed. SB 1053

creates a more logical option for local governments to use going forward. Allowing board of supervisors to use their local authority to push the amount of years for property tax base value transfers is more efficient than requiring legislation every time there is a disaster.”

2. Necessary? SB 1053 allows boards of supervisors in a county affected by a Governor-declared disaster to extend the five-year deadline in Proposition 50 and AB 1013 by ordinance. The measure would grant flexibility to extend the deadline only when a county board of supervisors acts. As a result, the bill should negate the need for specific legislative authorization each time an extension is needed due to a disaster or wildfire. However, the deadline to qualify for and claim this disaster relief following a 2026 disaster will not pass until 2031, leaving plenty of time for the Legislature to enact an extension. The Legislature has already acted to extend both deadlines several times. With that said, SB 1053 follows a specific precedent set by the Legislature when it allowed the San Diego County Board of Supervisors to extend the deadline two additional years for property substantially damaged or destroyed by the 2003 Cedar Fire (AB 157, Anderson, 2009).

3. Flexible deadline. Unlike the three-year time period set in Proposition 171, or the two years set by Proposition 19 (2020), Proposition 50 did not set an explicit constitutional deadline for taxpayers to purchase or construct a replacement property after their property was damaged or destroyed in a disaster. Over time, the Legislature has used this flexibility to extend the deadline for taxpayers to purchase or newly construct a replacement property to apply a base year value transfer under Prop. 50, often in response to wildfires. The Legislature initially set it at two years when implementing Prop. 50 (SB 2535, Ellis, 1986) and then extended it to three years after the Oakland Hills fire (AB 1824, Lee, 1993). In 1997, SB 594 (Wright) allowed a five-year deadline for any victim of the 1994 Northridge earthquake. In 2006, the Legislature further extended the deadline from three to five years for disasters occurring on or after July 1, 2003 (AB 1890, Mountjoy). In recent years, the Legislature extended the deadline for two years due to the COVID-19 pandemic (SB 303, Borgeas, 2021) and the 2018 Camp Fire (AB 556, Gallagher, 2023).

4. Related legislation. Last year, SB 663 (Niello) made a similar change to allow county boards of supervisors in disaster-affected counties to extend the Proposition 50 deadline by three years. The Assembly Appropriation Committee held the measure on its suspense file. SB 1053 includes that change, plus similar authority for county boards of supervisors to extend by ordinance the AB 2013 deadline.

### **Support and Opposition** (3/20/26)

Support: Placer County Assessor Matthew R. Maynard  
Sacramento County Assessor Christina Wynn  
California Apartment Association  
California Association of Realtors

Opposition: None received.

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