
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 1053 (Niello) - Property taxation: transfer of base year value: disaster relief

Version: February 12, 2026

Urgency: No

Hearing Date: April 13, 2026

Policy Vote: REV. & TAX. 5 - 0

Mandate: No

Consultant: Robert Ingenito

Bill Summary: SB 1053 would allow boards of supervisors in disaster-affected to extend two property tax deadlines for three years by ordinance.

Fiscal Impact: This measure is not related to one specific disaster or one specific jurisdiction. Consequently, the Board of Equalization (BOE) indicates that the resulting future revenue loss cannot be determined and is thus unknown. 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 turn depends upon a variety of economic, demographic and budgetary factors). BOE would incur minor administrative costs to implement the provisions of the bill.

Background: Under the California Constitution, all property is taxable unless explicitly exempted by itself or federal law. The Constitution limits the maximum amount of any ad valorem tax on real property to one percent of full cash value, plus any locally-authorized bonded indebtedness. Assessors reappraise property whenever it is purchased, newly constructed, or when ownership changes (as defined by both statute and the Constitution). Current law 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, existing law requires an annual inflation adjustment to that value that cannot exceed 2 percent (factored base year value).

Base year value transfers allow a taxpayer to continue paying property taxes at the factored base year value of their previous home (or other property types where permitted by law) and not on the value of their newly purchased or constructed home, often resulting in tax savings. For example, a taxpayer who purchased a residence for \$100,000 in 1975 now has a base year value under Proposition 13 that cannot exceed about \$275,000 under the 2-percent cap in annual inflationary growth, regardless of its market value. A base year value transfer allows a taxpayer to transfer this value to a newly purchased or constructed property subject to specified requirements; without such a base year value transfer, the new property would be assessed at (higher) fair market value.

In June 1986, voters enacted Proposition 50 to allow a taxpayer to transfer their base year value when their property is (1) damaged, as specified, and (2) located in an area proclaimed by the Governor to be in a state of disaster. Current law implementing Proposition 50 allows the transfer when specified criteria are met, including (1) the damaged property sustains physical damages amounting to more than 50 percent of its current market value immediately prior to the disaster, (2) 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, (3) the replacement property is comparable to the damaged property in size, utility, and function, and (4) the market value of the replacement property does not exceed 120 percent of the fair market value of the replaced property in its pre-damaged condition. Proposition 171 (1993) subsequently modified the above criteria to allow taxpayers to transfer base year values to other counties that adopt an ordinance making this benefit available. Additionally, Proposition 171 requires replacement homes to be purchased or newly constructed within three years.

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 a “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 Proposition 50. Under AB 2013, assessors would not revalue a structure that is larger in size if its value is within 120 percent 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 percent of its pre-disaster value. This treatment applied only when taxpayers complete reconstruction within five years of the disaster.

Disaster-affected property owners generally must navigate insurance, permitting, and construction contracting, and can have trouble doing all of this within this five-year window. Under current law, only the Legislature, by statute, can extend the deadline for Proposition 50 base year value transfers and AB 2013 onsite rebuilds. It has done so for the 2018 Camp Fire and Woolsey Fire disasters, and 2024/2025 fires in Los Angeles and Ventura counties.

Proposed Law: This bill, among other things, would permit 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, for the period 2026 to 2030, 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.

Related Legislation: SB 663 (Niello, 2025) would have made a similar change to allow county boards of supervisors in disaster-affected counties to extend the Proposition 50 deadline by three years. The measure was held under submission on the Suspense File of the Assembly Appropriation Committee.

Staff Comments: BOE notes that the location, nature and severity of future disasters, and the scope of resulting damages are unknown. Consequently, the annual future revenue loss resulting from this bill cannot be determined.

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