
THIRD READING

Bill No: SB 1053
Author: Niello (R)
Amended: 5/14/26
Vote: 21

SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 3/25/26
AYES: McNerney, Alvarado-Gil, Ashby, Becker, Grayson

SENATE APPROPRIATIONS COMMITTEE: 7-0, 5/14/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Property taxation: transfer of base year value: disaster relief

SOURCE: Author

DIGEST: This bill allows boards of supervisors in counties affected by disasters to extend two property tax deadlines for three years by ordinance.

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) 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).

- 4) Requires an annual inflation adjustment to that value that cannot exceed 2% (factored base year value).
- 5) 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.
- 6) 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).
- 7) Implements Proposition 50 to allow the base year value transfer when:
 - a) The damaged property sustains physical damages amounting to more than 50% of its full cash value immediately prior to the disaster;
 - b) 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;
 - c) The replacement property is comparable to the damaged property in size, utility, and function. For example, a residential property can be replacement property for a damaged residence, but not for a commercial, agricultural, or industrial property;
 - d) 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 the 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,
 - e) The buyer of the replacement property was the owner of the damaged property at the time of damage.
- 8) Allows 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, Chapter 341, Statutes of 2020).
- 9) Extends the five-year deadline for two years due to the COVID-19 pandemic (SB 303, Borgeas, Chapter 540, Statutes of 2021) and the 2018 Camp Fire (AB 556, Gallagher, Chapter 443, Statutes of 2023).

- 10) 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.
- 11) 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).
- 12) Requires taxpayers to complete reconstruction within five years to apply AB 2013’s protections, with specified exceptions.
- 13) Extends the five-year deadline for an additional three years for the 2018 Camp Fire and Woolsey Fire disasters (AB 1500, Irwin, Chapter 583, Statutes of 2023) and the 2025 Fires in Los Angeles and Ventura Counties (AB 245, Gipson, Chapter 530, Statutes of 2025 and SB 663, Allen, Chapter 549, Statutes of 2025).

This bill:

- 1) 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, to extend:
 - a) The five-year time period under Proposition 50 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.
 - b) 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.
- 2) Provides that any extension can apply for up to three years.
- 3) Applies to disasters declared by the Governor on or after January 1, 2026 and before January 1, 2034, and to lien dates occurring on or after January 1, 2026 and before January 1, 2034.

Background

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 \$269,158 under the 2% cap in annual inflationary growth, regardless of its market value. A base year value transfer allows a taxpayer to transfer the \$269,158 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.

Unlike the three-year time period set in Proposition 171 (1993), or the two years set by Proposition 19 (2020), Proposition 50 (1986) 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 Proposition 50 (1986), often in response to wildfires. The Legislature initially set it at two years when implementing Proposition 50 in 1986, and then extended it to three years after the Oakland Hills fire in 1993. In 1997, The Legislature allowed a five-year deadline for any victim of the 1994 Northridge earthquake. In 2006, the Legislature enacted a general extension from three to five years for disasters occurring on or after July 1, 2003 (AB 1890, Mountjoy, Chapter 317, Statutes of 2006).

Related/Prior 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 (1986) 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.

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

According to the Senate Appropriations Committee, this measure is not related to one specific disaster or one specific jurisdiction. Consequently, 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% (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.

SUPPORT: (Verified 5/14/26)

Christina Wynn, Sacramento County Assessor
Matthew R. Maynard, Placer County Assessor
California Apartment Association
California Association of Realtors
California Taxpayers Association

OPPOSITION: (Verified 5/14/26)

None received

ARGUMENTS IN SUPPORT: According to the author, “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.”

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