

Date of Hearing: June 22, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION
Mike Gipson, Chair

SB 1053 (Niello) – As Amended May 14, 2026

Majority vote. Tax levy. Fiscal committee.

SENATE VOTE: 39-0

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

SUMMARY: Extends by three years the eligible period to rebuild certain damaged or destroyed property. Specifically, **this bill:**

- 1) Authorizes a county board of supervisors to extend by three years the eligible period to transfer the base year value of a property damaged or destroyed by a disaster to a replacement property rebuilt on the same site, or to acquire or rebuild a comparable replacement property on a different site in the same county.
- 2) Requires that a property eligible for this bill's treatment must have been in a county proclaimed to be in a state of emergency by the Governor, 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.
- 3) Provides that this bill applies to the determination of base year values for lien dates occurring on or after January 1, 2026, and before January 1, 2034.
- 4) Prohibits reimbursement of any local agency for any lost property tax revenues resulting from this bill and provides that no appropriation is made by this bill.
- 5) Takes immediate effect as a tax levy.

EXISTING LAW:

- 1) Provides that all property is taxable unless otherwise provided by the California Constitution or the 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. This is referred to as the base year value, which may be adjusted upwards for inflation at no more than 2% annually. (California Constitution, Article XIII A, Sections 1 and 2.)
- 3) Stipulates that the term "newly constructed" does not include real property that is reconstructed after a disaster, as declared by the Governor. (California Constitution, Article XIII A, Section 2 and Revenue and Taxation Code (R&TC) Section 70.5.) Additionally, existing law provides that the base year value of a property substantially damaged or

destroyed by a disaster, as declared by the Governor, may be transferred to comparable property within the same county that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property. (California Constitution, Article XIII A, Section 2 and R&TC Section 69.) To qualify, a property must have suffered damage amounting to more than 50% of its value immediately before the disaster. The Legislature implements this requirement by providing that the comparable replacement property must be built or acquired within five years of the qualifying disaster, and must have a full cash value of no more than 120% of the full cash value of the damaged or destroyed property immediately prior to the disaster. For properties exceeding the 120% full cash value threshold, the excess value is added to the transferred base year value, and subject to taxation. The five-year period to reconstruct property damaged or destroyed by a disaster has been extended for certain disasters.

FISCAL EFFECT: The State Board of Equalization, in its analysis of a previous, but substantively similar, version of this bill, states:

The SB 1053 proposal is not related to one specific disaster or one specific jurisdiction. In general, this proposal provides any affected county, starting January 1, 2026, the option to decide at the local level, on an ongoing basis, the need for up to three additional years for intracounty base year transfers or to the same property affected by the disaster. Considering the location, nature, and severity of future disasters, and the scope of resulting damages, revenue impact is difficult to determine with any reasonable accuracy.

Committee staff notes that a previous, but narrower, bill extending periods to transfer base year values qualified for this Committee's Suspense File, and that this bill would almost certainly exceed the revenue loss threshold for a bill to qualify for this Committee's Suspense File.

COMMENTS:

1) The author has provided the following statement in support of this 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, 2034, to extend the [five-]year time period to transfer property tax base year values by up to [three] 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 [five] 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 [five] years is proving to be a difficult time line to get replacement property built. In recognition of this dilemma, the Legislature has extended the [five-]year period numerous times for disaster specific events to accommodate a longer period (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 [five] 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) The California Assessors' Association, writing in support of this bill, states, in part:

SB 1053 recognizes these realities by authorizing county boards of supervisors in counties 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, and before January 1, 2031, to extend the existing five-year periods for both replacement property acquisition and reconstruction by up to three additional years. This targeted and localized flexibility will allow counties to better respond to the unique recovery conditions affecting their communities while preserving the intent and integrity of California's property tax protections.

Importantly, SB 1053 is permissive and narrowly tailored. The bill does not mandate extensions statewide, nor does it broadly expand property tax relief. Instead, it empowers local elected officials – who are best positioned to evaluate local recovery conditions-to provide reasonable additional time where warranted within a clearly defined statutory framework.

3) Committee Staff Comments:

- a) *2025 Los Angeles (LA) Fires*: Beginning in early January 2025, a series of fires began raging in LA County. Exacerbated by hurricane force gusts and drought conditions, these fires rapidly grew, expanding into outlying residential areas of the LA metropolitan region. As the month progressed, the conditions exacerbating these fires led to serious complications for first responders and the conflagrations grew without containment. After containment of these fires, however, the true depth of destruction began to emerge. According to the UCLA Anderson Forecast, total property and capital losses could range from \$76 billion to \$131 billion, with a potential decline in county-level gross domestic product of \$4.6 billion. This loss from fire is unprecedented in California. By comparison, the Camp Fire that destroyed the town of Paradise, and was the most destructive California fire prior to the 2025 LA Fires, is estimated to have an associated loss of around \$17 billion, nearly an order of magnitude less than the 2025 LA Fires.
- b) *Operation of property tax relief after disaster in existing law*: California property tax law provides property owners general protections against significant increases in property tax liability by establishing the taxable value of a property as its base year value, generally the full cash value of the property upon its purchase or transfer. This base year value may be upwardly adjusted for inflation at no more than 2% annually.

Currently, when an owner's property is damaged or destroyed by a Governor-proclaimed disaster, that owner may rebuild the property on the same site, or build or purchase a comparable replacement property on another site in the same county, within five years of the disaster while remaining eligible for a base year value transfer. Thus, a qualifying property may be rebuilt while still retaining the base year value of the property prior to the disaster. A property owner would be subjected to a significant property tax increase absent the base year value transfer permitted after a disaster.

- c) *This bill*: The Legislature has previously extended the existing five-year period to transfer the base year value of a substantially damaged or destroyed property to a comparable replacement property in the same county for discreet disasters. Among the disasters that the Legislature has extended the transfer period are the 2003 Cedar Fire, the 2018 Camp Fire, the COVID-19 Pandemic, and the 2025 LA Fires.

This bill takes a slightly different approach than previous authorizations. Rather than limit this bill's extension to a specific event, this bill would authorize a county to provide a blanket three-year extension of the base year value transfer period to any property substantially damaged or destroyed by a qualifying disaster if the property owner is rebuilding on the same site or on another site in the same county.

- d) *Related legislation*:

- i) SB 663 (Allen), Chapter 549, Statutes of 2025, extended by three years the five-year period to build a comparable replacement property on the same site, while retaining the base year value of an eligible property substantially damaged or destroyed by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Sunset Fire, or Woodley Fire, or the 2024 Mountain Fire or Franklin Fire.
- ii) SB 603 (Niello) would have extended by three years the five-year period to build a comparable replacement property on a different site in the same county for any qualifying disaster. SB 603 was held on the Assembly Appropriations Committee's Suspense File.

- e) *Prior legislation*:

- i) AB 556 (Gallagher), Chapter 443, Statutes of 2023, extended by three years the five-year period to build a comparable replacement property on another site in the same county, while retaining the base year value of an eligible property substantially damaged or destroyed by the 2018 Camp Fire.
- ii) SB 303 (Borgeas), Chapter 540, Statutes of 2021, extended by two years the five-year period to build a comparable replacement property on another site in the same county, while retaining the base year value of an eligible property substantially damaged or destroyed during the COVID-19 pandemic.
- iii) AB 157 (Anderson), Chapter 341, Statutes of 2010, extended by two years the five-year period to build a comparable replacement property on another site in the same county, while retaining the base year value of an eligible property substantially damaged or destroyed by the 2003 Cedar Fire.

REGISTERED SUPPORT / OPPOSITION:

Support

California Apartment Association
California Assessors' Association
California Taxpayers Association

Opposition

None on file

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