
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

SB 288 (Seyarto) - Property taxation: change in ownership: family homes and farms

Version: January 16, 2026

Urgency: No

Hearing Date: January 20, 2026

Policy Vote: REV. & TAX. 5 - 0

Mandate: Yes

Consultant: Robert Ingenito

Bill Summary: SB 288 would, for purposes of Proposition 19's intergenerational transfer change in ownership exclusion, deem the date of transfer to occur as of the effective date of a court's determination regarding the final ownership of inherited property, rather than the date of death.

Fiscal Impact:

- The Board of Equalization (BOE) estimates that this bill would result in annual property tax revenue losses of \$24 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 turn depends upon a variety of economic, demographic and budgetary factors). BOE would incur General Fund costs of \$143,000 in 2026-27, \$105,000 in 2027-28, \$87,000 in 2028-29, and \$72,000 annually thereafter, to implement the provisions of the bill.
- By changing the duties of 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 (General Fund).

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 at one percent of full cash value, plus any locally-authorized bonded indebtedness (Proposition 13, 1978). 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).

As part of Proposition 13's implementation, the Legislature defined "change in ownership" as "a transfer of a present interest in real property, including the beneficial use thereof, the value of which is substantially equal to the value of the fee interest." Two change in ownership exclusions for property transfers from one generation to the next were subsequently enacted: (1) Proposition 58 (1986) excluded transfers of

property from parents to children from change in ownership, and (2) Proposition 193 extended the exclusion to transfers of property to grandchildren, if the parents are deceased. These exclusions applied to (1) all inherited primary residences, regardless of value or number of transfers, and (2) up to \$1 million in aggregate value of all other types of property, such as second homes or business properties.

As of February 15, 2021, Proposition 19 (2020) among other things limits the parent-child and grandparent-grandchild exclusion enacted by Propositions 58 and 193 to apply solely to the transfer of a principal residence when the property continues as the primary residence of the transferee. Proposition 19 further repeals the parent-child, grandparent-grandchild exclusion for up to \$1 million in aggregate value of all other types of property that is not the principal residence entirely. Among other requirements, transferees are required to claim the homeowners' or disabled veteran's exemption at the time of transfer to apply the exclusion. Finally, Proposition 19 caps the amount of value that can be excluded to \$1 million, or \$10,000 in tax at the basic 1 percent rate, even if the transfer meets all other requirements.

The Legislature subsequently enacted an omnibus Proposition 19 implementation bill (SB 539, Hertzberg) to resolve several administrative uncertainties, largely based on similar law implementing Propositions 58 and 193. Among other requirements, SB 539 codified Proposition 19's requirement that the transferee claim the homeowners' or disabled veteran's exemption at the time of transfer to apply the exclusion. SB 539 additionally reinforced the requirement for the transferee to file for the homeowners' or disabled veterans' exemption within one year of transfer and remove the exclusion as of the date the property is no longer the principal residence of the transferee.

Upon death, a person's assets are generally distributed through a will or by intestate succession, and are usually subject to probate administration. There are various other ways to transfer property outside of formal probate administration, such as trusts, payable on death accounts, revocable transfer on death deeds, joint tenancy with right of survivorship, community property with right of survivorship, and small estates.

For property tax purposes, current law generally considers a decedent's real property and manufactured homes to have changed ownership as of the date of death, and the property is subject to reassessment as of that date unless an exclusion applies. This treatment applies regardless of whether the decedent's property is inherited through a trust, a will, intestate succession, revocable transfer on death deed, or is subject to probate administration. The date of death applies for reassessment purposes even if the beneficiary is officially recorded as the new owner of the property at a later date. For trusts, state law specifically provides that a change in ownership occurs when any interests in real property vest in persons other than the trustor or the trustor's spouse or registered domestic partner when a revocable trust becomes irrevocable, which is generally the trustor's date of death.

The entire probate process generally lasts from 9 to 18 months, but can sometimes take even longer. While beneficiaries can occupy a property under certain circumstances, they cannot take ownership until the Court issues its order. Consequently, many beneficiaries cannot claim the homeowners' exemption within one year, so therefore cannot claim a Proposition 19 intergenerational change in ownership exclusion even though they otherwise would be eligible.

Proposed Law: This bill among other things would deem the date of transfer to occur as of the effective date of a probate court's determination of the final ownership of property, not the date of death, for purposes of Proposition 19. It would apply in the event of the death of the transferor, and notwithstanding any other law.

Prior Legislation: SB 284 (Seyarto), similar to this bill, made two changes: First, it would have provided a second change in ownership exclusion between eligible transferees within one year of the date of the initial transfer under Proposition 19. Second, it would have provided that the one-year period for an eligible transferee to file for a homeowner's or disabled veteran's exemption for purposes of claiming a Proposition 19 intergenerational transfer exclusion commences on the date of the probate court's final order for purposes of claiming the intergenerational transfer exclusion. While this bill does not propose a similar second change in ownership exclusion, it is substantially similar to SB 284's second part. However, this bill would apply more broadly by applying to any case in which a court determines final property ownership after the death of the transferee, not just for final judicial decrees under the Probate Code. The bill was held under submission on the Suspense File of the Assembly Revenue & Taxation Committee.

Staff Comments: BOE's revenue estimate assumes that every transfer taking place as a result of this bill would result in a revenue loss of \$3,117, based on the differential between state median real estate prices and the 2025 average assessed value. The number of transfers occurring annually is expected to be below 10,000.

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