Office of Senate Floor Analyses
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THIRD READING

Bill No: SB 288
Author: Seyarto (R)
Amended: 1/22/26
Vote: 21

SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 1/14/26
AYES: McNerney, Valladares, Ashby, Grayson, Umberg

SENATE APPROPRIATIONS COMMITTEE: 7-0, 1/22/26
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Property taxation: change in ownership: family homes and farms

SOURCE: Author

DIGEST: This bill specifies that the one-year period to claim an intergenerational transfer change in ownership exclusion is deemed to commence on the effective date of a probate court's determination of the final ownership of property.

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 XIIIA, as added by Proposition 13, 1978).

3) Defines a 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.

4) Provides that a change in ownership results in the establishment of a new base year value for the portion of a property that has undergone such change in ownership, unless an exclusion applies.

5) 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, 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 property tax purposes even if the beneficiary is officially recorded as the new owner of the property at a later date.

6) Enacts change in ownership exclusions for transfers of property transfers from one generation to the next, specifically:

   a) Transfers of property from parents to children from change in ownership (Proposition 58, 1986).

   b) Transfers of property to grandchildren, so long as the parents are deceased (Proposition 193, 1996).

7) Enacts the Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act, which limits the above exclusions solely to the transfer of a principal residence when the property continues as the primary residence of the transferee, and requires the transferee to claim the homeowner's exemption from property tax at the time of transfer or within one year to apply the exclusion, among other limitations (Proposition 19, 2020).

8) Codifies Proposition 19's requirement that the transferee claim the homeowners' or disabled veterans' exemption at the time of transfer to apply the exclusion, reinforces its requirement for the transferee to file for the homeowners' or disabled veterans' exemption within one year of transfer, and directs the assessor to remove the exclusion as of the date the property is no longer the principal residence of the transferee (SB 539, Hertzberg, Chapter 427, Statutes of 2021).

This bill:

1) Specifies that the one-year period to claim an intergeneration transfer change in ownership exclusion is deemed to commence on the effective date of a probate court's determination of the final ownership of property, not the date of death.

2) Applies notwithstanding any other law in the event of a transfer to an eligible transferee as a result of the death of an eligible transferor by an order entered pursuant to the Probate Code.

3) Makes a punctuation change.

Background

A probate process generally takes 9 to 18 months from beginning to end, and can sometimes take even longer. While beneficiaries can occupy a property under certain circumstances, they cannot take ownership until the probate court issues its order. As a result, many beneficiaries cannot claim the homeowners' exemption within one year, so therefore cannot claim a Proposition 19 intergenerational change in ownership exclusion. SB 288 would commence the one-year period on the date the court determines final ownership of the property, notwithstanding any other law, thereby allowing those inheriting property from parents or grandparents in probate to claim an exclusion.

Related/Prior Legislation

Last year, the Senate approved SB 284 (Seyarto), which 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 Prop. 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. SB 284 was held on the Assembly Revenue & Taxation Committee's Suspense File.

Additionally, the Legislature enacted SB 293 (Perez, Chapter 539, Statutes of 2025), which extends the current deadline for taxpayers to retroactively apply a Proposition 58, 193, or 19 intergenerational transfer from six months to three years under specified circumstances resulting from the 2025 Los Angeles Fires.

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

According to the Senate Appropriations Committee:

- 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).

SUPPORT: (Verified 1/26/26)

Howard Jarvis Taxpayers Association

OPPOSITION: (Verified 1/26/26)

None received

ARGUMENTS IN SUPPORT: According to the author, "SB 288 will provide protections for individuals who are not able to take ownership of a home because of a probate process. By adding clarity to Prop 19 this measure ensures that families preserve a valuable asset and are not unduly burdened by a tax reassessment because of a legal process with timelines outside their direct control."

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1/26/26 13:21:59

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