

Date of Hearing: June 8, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

Mike Gipson, Chair

SB 288 (Seyarto) – As Amended June 1, 2026

Majority vote. Tax levy. Fiscal committee.

SENATE VOTE: 40-0

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

SUMMARY: Clarifies the treatment of property subject to a court order entered pursuant to the Probate Code when transferring certain properties intergenerationally. Specifically, **this bill:**

- 1) Provides that the one-year period for an eligible transferee to occupy a property as their principal residence, and file the homeowners' or disabled veterans' exemption, is deemed to end one year after the effective date of a court order entered pursuant to the Probate Code resolving disposition of the property if the eligible transferee files with the assessor all of the following:
 - a) An eligibility claim for the "intergenerational transfer exclusion" required under existing law;
 - b) A copy of a court order indicating that a probate matter prohibited the eligible transferee from establishing the property as their principal place of residence within the one-year period described under existing law; and,
 - c) A change-in-ownership statement required under existing law.
- 2) Corrects erroneous cross-references under existing law.
- 3) Requires reimbursement of local agencies and school districts for costs mandated by this bill, if the Commission on State Mandates determines that this bill contains costs mandated by the state.
- 4) Prohibits the state from reimbursing any local agency for any property tax revenues lost because of this bill.
- 5) Takes immediate effect as a tax levy.

EXISTING LAW:

- 1) Provides that all property is taxable unless otherwise stipulated 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 value 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) Excludes from the definition of change in ownership the purchase or transfer of a family home or family farm to a decedent's eligible child or grandchild. The exclusion is limited to \$1 million of the increase in assessed value upon the purchase or transfer over the property's adjusted base year value; any additional assessed value is subject to taxation pursuant to existing law. To qualify, a decedent's child or grandchild, also termed a transferee, must occupy the property as their principal place of residence and claim the homeowner's or disabled veteran's exemption within one year of the transfer. Additionally, the transferee must file with the State Board of Equalization (BOE) claiming eligibility for the exclusion, generally within three years after the date of the purchase or transfer of the eligible real property, as conditioned. This exclusion applies to both voluntary transfers and transfers resulting from a court order or judicial decree, and is often referred to as the "intergenerational transfer exclusion." (California Constitution, Article XIII A, Section 2.1. and Revenue and Taxation Code (R&TC) Section 63.2.)
- 4) Requires that, among other provisions, the personal representative of a decedent file a change-in-ownership statement with the county recorder or assessor in each county in which the decedent owned real property at the time of death that is subject to probate proceedings. The statement must be filed prior to or at the time the inventory and appraisal are filed with the court clerk. (R&TC Section 480.)

FISCAL EFFECT: The BOE estimates that a previous, but similar, version of this bill would cause a projected annual property tax revenue loss of \$24 million. Committee staff notes that this bill, as currently drafted, almost certainly exceeds this Committee's Suspense File threshold.

COMMENTS:

- 1) The author has submitted the following statement in support of this bill:

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.

- 2) The California Assessors' Association, writing in support of this bill, states, in part:

SB 288 would allow the one-year period to begin after the effective date of a probate court order resolving the matter, provided the transferee has submitted the eligibility form, obtained the probate order demonstrating the prohibition on occupancy, and filed the death statement. These amendments ensure that transferees facing legal restrictions receive the same amount of time to establish residency as other applicants.

- 3) Committee Staff Comments:

- a) *ACA 11/Proposition (Prop.) 19:* In 2020, the Legislature enacted ACA 11, which voters subsequently approved in November of that year as Prop. 19. Prop. 19 dramatically restructured a number of provisions related to the retention of base year values for

properties with certain eligible owners. Prior to Prop. 19, intergenerational base year value transfers were far more generous, allowing the base year value of a decedent's property to transfer to their qualifying child or grandchild regardless of the property's fair market value if the property was used as the principal place of residence for both the transferor and transferee. Additionally, \$1 million of the aggregate full cash value of all other real property could be excluded from assessment resulting from a change in ownership. Prop. 19 restricted this exclusion, such that only \$1 million above the principal residence's taxable value just prior to transfer is excluded. Any increase in the amount of taxable value above \$1 million is added to the adjusted base year value of the property, and the resulting sum becomes the property's new base year value. Prop. 19 also required that a qualifying transferee must claim the homeowners' or disabled veterans' exemptions within one year of the transfer to qualify for the intergenerational transfer exclusion.

- b) *Disposition of a decedent's estate:* Generally, a deceased person's assets are distributed through a will or by intestate succession. Usually, assets are subject to probate administration, though there are various mechanisms that allow for the transfer of property without undergoing the formal process. These include trusts and small estates, among others. If, however, assets are required to be processed through standard probate proceedings, it may take years to fully adjudicate the ownership of the assets. Thus, it may be that in the case of a property subject to probate administration, an otherwise eligible transferee cannot occupy the transferred property within the one-year period prescribed under existing law to qualify for the intergenerational transfer exclusion even if that transferee intended to occupy the property as their principal place of residence within one year of the transfer.
- c) *This bill:* As currently drafted, this bill would delay the counting of the one-year period for an eligible transferee to occupy a transferred property as a primary residence if certain documentation is filed with the assessor. Specifically, an eligible transferee must file the claim for eligibility form with the BOE required under existing law, a copy of the court order indicating that a probate matter prohibited the eligible transferee from establishing the property as their principal place of residence within the one-year period, and a change-in-ownership statement required under existing law.
- d) *Related legislation:* SB 284 (Seyarto) would have delayed the counting of the one-year period to occupy and claim certain exemptions to qualify for the intergenerational transfer exclusion if the transferred property was subject to a judicial decree issued pursuant to a specific section of the Probate Code. SB 284 was held on this Committee's Suspense File.
- e) *Prior legislation:* SB 539 (Hertzberg), Chapter 427, Statutes of 2021, was enacted to implement the provisions of Prop. 19 and clarified certain administrative uncertainties. Included in these provisions was the requirement that the eligible transferee claim the homeowners' or disabled veterans' exemption and occupy the property as their principal place of residence within one year of the transfer.

REGISTERED SUPPORT / OPPOSITION:

Support

California Assessors' Association
California Board of Equalization
Howard Jarvis Taxpayers Association
Southwest California Legislative Council

Opposition

None on file

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