

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 293 (Pérez) – As Amended July 8, 2025

Policy Committee: Revenue and Taxation

Vote: 7 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: Yes

SUMMARY:

This bill extends the timeframe within which a claim for an intergenerational base-year value transfer property tax exclusion must be deemed timely filed for certain properties impacted by the January 2025 Los Angeles-area wildfire disaster.

Specifically, this bill:

- 1) Requires a claim for the intergenerational base-year value transfer property tax exclusion be deemed timely filed within three years, instead of six months, after a notice of supplemental or escape assessment is mailed, if all of the following apply:
 - (a) The assessor reassesses the property to reflect its damage or destruction by a specified fire for which the Governor proclaimed a state of emergency.
 - (b) The assessor issued a supplemental or escape assessment due to the previously unrecorded change in ownership on or after the date of the state of emergency for a property transferred before the date of the fire.
 - (c) The transferee acquired ownership of the property on or after the date of the state of emergency.
- 2) Requires, for a transfer occurring after February 16, 2021, a claim for the homeowners' or disabled veterans' exemption for such fire-impacted properties be treated as timely filed within one year after a notice of supplemental or escape assessment is mailed, instead of one year after the transfer.

FISCAL EFFECT:

- 1) Annual property tax revenue loss of an unknown, but likely significant amount, in excess of \$300,000. According to the State Board of Equalization (BOE), there is no reasonable way to estimate: (a) how many properties with unrecorded changes in ownership may be eligible for the tax relief under this bill, (b), the assessed values of such properties, and (c) whether the property owner will meet the claims deadline extension. Although property tax is a local government revenue source, reductions in property tax revenues increase Proposition 98 General Fund (GF) spending by up to roughly 50% (the exact amount depends on the specific amount of the annual Proposition 98 guarantee).

- 2) Costs of approximately \$27,000 in fiscal year (FY) 2025-26, \$154,000 in FY 2026-27, and \$113,000 in FY 2027-28, with decreasing costs thereafter, to BOE to issue guidance to impacted county assessors, update informational materials, answer public inquiries, and accommodate other administrative workload (GF).
- 3) Costs of an unknown amount to the Los Angeles and Ventura county assessors to update claims forms and modify administrative practices. If the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service for which the state must reimburse local costs, the two counties could claim reimbursement from the state (GF).

COMMENTS:

- 1) **Purpose.** According to the author:

Altadena experienced the worst of the devastation from the Eaton Fire, which destroyed nearly 10,000 structures. While the physical damage was extensive, we didn't realize the impact on multigenerational households, particularly in Altadena's historic Black community...SB 293, the Generational Homeownership Protection Act, would establish [a] pathway for impacted homeowners to bring their property transfer records up to date without penalty, reducing the immediate tax burden associated with property value reassessments to help homeowners avoid unexpected financial hardships, while ensuring continuity for families who have inherited their homes.

This bill is supported by the California Assessors' Association, Howard Jarvis Taxpayers Association, and local community groups.

- 2) **Intergenerational Base-year Value Transfer Exclusion.** Existing law provides several exclusions to the required reassessment of real property from its base-year value to its current market value when a change in ownership or new construction occurs. Since Proposition 13 (1978) caps the annual growth of a property's assessed value and set the tax rate at 1% of assessed value, such exclusions allow the taxpayer to maintain significantly lower property tax bills. For example, the intergenerational base-year value transfer exclusion allows the base-year value of a decedent's property to transfer to their child or grandchild without triggering full reassessment of the property. Prior to Proposition 19 (2020), the entire base-year value of a property could be transferred to the decedent's transferee; however, Proposition 19 limited the exclusion to \$1 million above the property's base-year value for a transfer occurring on or after February 16, 2021, among other changes.

Under both pre-and post-Proposition 19 rules, a transferee may file a claim for the intergenerational exclusion within three years of the date of transfer. If the transferee does not file a claim and the assessor becomes aware of the transfer at a later date, the property may be subject to a supplemental or escape assessment to update or correct the property tax roll. In such cases, a transferee has six months from the date the notice of supplemental or escape assessment is mailed to file a claim for the intergenerational exclusion. This bill extends, for properties transferred before, on, or after February 16, 2021, the six-month deadline to three years for certain properties damaged or destroyed by the January 2025 Los Angeles-area wildfire disaster.

For properties transferred on or after February 16, 2021, Proposition 19 requires the transferee to claim the homeowners' or disabled veterans' exemption (thus indicating the property will serve as the transferee's principal residence) within one year of the transfer to qualify for the intergenerational exclusion. This bill provides that such a claim filed within one year after a notice of supplemental or escape assessment is mailed to the transferee must be treated as timely filed for certain properties damaged or destroyed by the January 2025 Los Angeles-area wildfire disaster.

- 3) **Related Legislation.** AB 245 (Gipson) extends, by three years, the existing five-year deadline to rebuild qualified property damaged or destroyed by the January 2025 Los Angeles-area wildfire disaster while retaining the original property's base-year value. AB 245 is pending hearing by the Senate Appropriations Committee.

SB 603 (Niello) extends, by three years, the five-year deadline to transfer the base-year value of a damaged or destroyed property to a comparable replacement property in the same county, if the county board of supervisors adopts an authorizing ordinance. SB 603 is pending hearing by this committee.

SB 663 (Allen) is similar to AB 245, but also extends the deadline for rebuilding property damaged or destroyed by certain 2024 fires and provides that certain damaged property continues to be exempt from tax. SB 663 is pending hearing by this committee.

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