Date of Hearing: June 23, 2025

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION
Mike Gipson, Chair

SB 293 (Pérez) – As Amended June 16, 2025

Majority vote. Fiscal committee.

SENATE VOTE: 38-0

SUBJECT: Real property tax: transfer of base year value: generational transfers

SUMMARY: Provides that a claim for specified property tax relief is timely filed if certain conditions are met. Specifically, **this bill**:

1) Provides that a claim for an intergenerational transfer exclusion is timely if filed within three years after the date of mailing of a notice of supplemental or escape assessment, issued as a result of transfer of real property for which the claim is filed, if all of the following apply:

   a) The assessor reassesses the property due to a misfortune or calamity, in an area or region subsequently proclaimed by the Governor to be in a state of emergency, and that property was damaged or destroyed by the major misfortune or calamity that caused the Governor to proclaim the area or region to be in a state of emergency, pursuant to existing law;

   b) The assessor issued a supplemental or escape assessment due to a previously unrecorded change in ownership on or after the date of the misfortune or calamity; and,

   c) The transferee acquires ownership of the property pursuant to probate procedures in existing law on or after the date of the misfortune or calamity.

2) Rebuttably presumes that a property meeting the above requirements that is transferred after February 16, 2021 is the principal place of residence of the transferor and transferee for the purposes of the intergenerational transfer exclusion.

3) Provides that, for transfers occurring after February 16, 2021, a claim for the homeowners' or disabled veterans' exemptions is timely if filed within one year of the date of mailing of a notice of supplemental or escape assessment issued as a result of the transfer of the real property for which the exemption was claimed, if the property meets the requirements listed to qualify for this bill's extension.

4) Requires the state to reimburse local agencies and school districts, if the Commission on State Mandates determines that this bill contains costs mandated by the state.

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 XIIIA, Sections 1 and 2.)

3) Requires every assessor to assess all property subject to general property taxation at its full value on the lien date, as specified. (Revenue and Taxation Code (R&TC) Section 401 and 402.)

4) Requires an assessor to issue a supplemental assessment if any change in ownership or new construction is completed on or after January 1 but on or before May 31. (R&TC Section 75.11.)

5) Exempts from taxation $7,000 of the full cash value of an owner's principal residence, unless the property is receiving another property tax exemption. (California Constitution, Article XIII, Section 3.) The Legislature implements this authorization by requiring the homeowner to submit an affidavit to the assessor providing any required information. Once granted, the homeowner's exemption remains in effect until the title to the property changes, the owner does not occupy the home as a principal residence, or the property is otherwise ineligible. (R&TC Section 235.5.)

6) Authorizes the Legislature to partially or wholly exempt from taxation the home of a disabled veteran, as defined, or their spouse. (California Constitution, Article XIII, Section 4.)

7) 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. (R&TC Section 60.)

8) Requires a transferee to file a signed change in ownership statement in the county where any change in ownership of real property, a manufactured home, or a floating home occurs, provided that property is subject to local taxation. (R&TC Section 480.)

9) Excludes from the definition of "change in ownership," beginning on or after February 16, 2021, the purchase or transfer of a family home or family farm to a decedent's eligible child or grandchild, as defined by the Legislature. The exclusion is limited to $1 million of the increase in assessed value upon the purchase or transfer over the property's base year value; any additional assessed value is subject to taxation pursuant to existing law. A decedent's child or grandchild must claim the homeowner's or disabled veteran's exemption upon purchase or transfer to qualify, but remain eligible if filing a claim for those exemptions within one year of the purchase or transfer of the property. This exclusion applies to both voluntary transfers, and transfers resulting from a court order or judicial decree. (California Constitution, Article XIIIA, Section 2.1(c).) In implementing this authorization, the Legislature codified a three-year period from the date of transfer to claim the exclusion, provided that the property was not transferred to a third party during that period. The Legislature allowed an additional six months to file a claim if a notice of supplemental or escape assessment was filed after the three year deadline or after a transfer to a third party. (R&TC Section 63.2.)

10) Excludes from the definition of "change in ownership," the purchase or transfer of the principal residence of the transferor to a child or grandchild, and the first $1 million of all other real property, for transfers occurring before February 16, 2021. This exclusion applies to both voluntary transfers, and transfers resulting from a court order or judicial decree. (California Constitution, Article XIIIA, Section 2.) In implementing this authorization, the Legislature codified a three-year period from the date of transfer to claim the exclusion, provided that the property was not transferred to a third party during that period. The Legislature allowed an additional six months to file a claim if a notice of supplemental or escape assessment was filed after the three year deadline or after a transfer to a third party. Finally, a principal residence is defined as a property receiving the homeowners' exemption or the disabled veterans' exemption. (R&TC Section 63.1.)

11) Authorizes a county board of supervisors to adopt an ordinance permitting every assessee of any taxable property to apply for reassessment of property that was damaged or destroyed, as defined, without the owner's fault. The ordinance may also specify that an assessor may initiate the reassessment when the assessor determines that the taxable property was damaged or destroyed by misfortune or calamity within the preceding 12 months. To be eligible, the property must have suffered damage amounting to greater than a $10,000 reduction in value from a misfortune or calamity, as defined. (R&TC Section 170.)

12) Stipulates the process by which a decedent's assets are distributed through intestate succession, or testate succession, as provided. (Probate Code Section 13500 *et seq.*)

FISCAL EFFECT: The Senate Committee on Appropriations, in its analysis of this bill, states:

> This bill would likely result in lower annual property tax revenues compared to current law. The [State] Board of Equalization (BOE) indicates that a reliable revenue estimate cannot be determined because of too many unknown future events, including (1) the number of disasters proclaimed a state of emergency by the Governor, (2) the number of affected properties in proclaimed disaster areas, (3) the assessed values of those properties, and (4) the extent to which affected taxpayers utilize the longer timeline allowed by the bill. BOE's administrative costs have yet to be identified.
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> 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 turns depends upon a variety of economic, demographic and budgetary factors). BOE would incur minor administrative costs to implement the provisions of the bill.
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> By modifying how an assessor values property, 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).

Committee staff notes that the expansive authorization provided by this bill, the uncertainty regarding the prevalence of unrecorded changes in ownership, and the unclear magnitude of future misfortunes and calamities likely qualifies this bill for this Committee's Suspense File.

COMMENTS:

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

   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. Many of these homes were passed down within families, often, without proper title transfers. Without proper title documentation families risk losing generational wealth, while homeowners may be ineligible for assistance programs further delaying their recovery and rebuilding efforts. Legislation is urgently needed to protect these families and preserve the cultural and historical identity of the 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.

2) Assessor Jeff Prang of Los Angeles (LA) County, writing in support of this bill, states, in part:

   I am writing in strong support of Senate Bill 293 (SB 293), authored by Senator Pérez. This important measure will provide meaningful relief to California families – particularly those impacted by disasters – by extending the filing period for property transfers eligible for the Parent-to-Child or Grandparent-to-Grandchild exclusion.

   SB 293 applies in situations where property has been reassessed following a major misfortune or calamity in an area declared by the Governor to be in a state of emergency. Under current law, these exclusion claims must be filed within three years of the transfer, or within six months of receiving a supplemental or escape assessment notice. For disaster victims – especially those displaced by wildfires – meeting these deadlines can be extremely difficult while simultaneously dealing with the loss of property and ongoing recovery efforts.

   By extending the filing period to a uniform three years, SB 293 acknowledges the real-world delays that families face in resolving title, ownership, or documentation issues after a disaster. This additional time can make a crucial difference for those attempting to preserve intergenerational family homes or farms while navigating the burdens of recovery.

3) Committee Staff Comments:

   a) *2025 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 area. 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 clarify. 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 the state. By comparison, the Camp Fire that destroyed the town of Paradise and was the most destructive fire in the state is estimated to have an associated loss of around $17 billion, an order of magnitude less than the 2025 LA Fires.

b) *UCLA data brief*: On January 28, 2025, UCLA released data regarding the impact of the Eaton Fire on the Altadena community. Specifically, the brief found that the Eaton Fire disproportionately impacted Black households, noting that while Black households represented only 18% of residents in the Altadena community, 48% of those households suffered significant damage or destruction of their property. By comparison, 39% of overall households suffered significant damage or destruction[1].

c) *ACA 11/Proposition 19*: In 2020, the Legislature passed ACA 11, which voters subsequently approved in November of that year as Proposition (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. 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 factored base year vale upon transfer is excluded. 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 exclusion. A transferee may, however, file a claim for the intergenerational transfer exclusion within three years of the date of a transfer or before transfer to a third party. Additionally, if a notice of supplemental or escape assessment is mailed after either of the noted deadlines, a claimant has an additional six months from the notice to file.

d) *Intergenerational transfers prior to Prop. 19*: Before the passage of Prop. 19, property tax law allowed for the transfer of the entire base year value of the principal residence of the transferor and transferee. In other words, a parent or grandparent could pass their property onto their child or grandchild, and the child or grandchild would pay property tax on the original base year value of the property upon transfer. Additionally, up to $1 million in aggregate value of all other transferred real property was excluded from taxation. Similar to existing law, transfers that occurred before the approval of Prop. 19 required that a homeowners' or disabled veterans' exemption be granted for the property.

e) *Misfortune or calamity*: The owner of a property damaged or destroyed by misfortune or calamity, as defined, may apply to the assessor for a reassessment of their property to reflect its damaged or destroyed state. An assessor may initiate a reassessment if the assessor determines that a property has suffered eligible damage in the past 12 months.

f) *Disposition of 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

[1] Ong, *LA Wildfires: Impacts on Altadena's Black Community*, UCLA Ralph J. Bunche Center for African American Studies (January 28, 2025). https://newsroom.ucla.edu/releases/altadenas-black-community-disproportionately-affected-eaton-fire-report-shows, accessed June 2025.

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 administration, it may take years to fully adjudicate the ownership of the assets.

g) *This bill*: As currently drafted, this bill would provide a three-year extension to file a claim for an intergenerational transfer exclusion, both pre- and post-Prop. 19, if the property was subject to a supplemental or escape assessment due to an unrecorded change in ownership. While this bill references the process under existing law to dispose of property through probate administration, this bill does not limit a property eligible for this bill's provisions solely to that process. Thus, a property transferred through any mechanism would be eligible for consideration under this bill. The author and Committee may wish to consider specifying the eligible processes to transfer property under this bill's extension.

   Additionally, the author points to a very specific fire as the impetus for this bill. This bill does not, however, limit its provisions to solely that fire. Rather, this bill provides an extension for any property that otherwise qualifies for this bill's requirements. The author and Committee may wish to consider specifying that this bill's provisions are specific to property suffering misfortune or calamity resulting from the Eaton Fire.

   Existing law requires that a change in ownership statement be filed with the county assessor upon transfer of a decedent's property. This bill, however, would allow property owners to benefit from an intergenerational transfer despite not having complied with existing law. Moreover, this bill would authorize this treatment for any property meeting this bill's requirements. While a risky proposition, a property owner may consider this bill's treatment as an incentive to forgo complying with existing law to benefit from extended periods of lower property taxation due to otherwise ineligible retention of a prior base year value.

   Existing law also provides that a property eligible for the intergenerational transfer exclusion be the principal residence of both the transferor and transferee. This bill would rebuttably presume that an eligible property is the principal residence of both the transferor and the transferee. While there would be limited, if any, means for an assessor to substantiate that an eligible property was a deceased transferor's principal residence, this bill requires that a homeowners' or disabled veterans' exemption must be filed within one year of the issuance of a certain supplemental or escape assessment. The filing of these exemptions substantiates the transferee's use of the property as a principal residence, and Committee staff is unclear as to the purpose of presuming the transferee's principal residence.

REGISTERED SUPPORT / OPPOSITION:

Support

Jeff Prang, LA County Assessor
Howard Jarvis Taxpayers Association

Opposition

None on file

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