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AB-1253 Property taxation: newly constructed property: reconstruction of damaged or destroyed property. (2025-2026)

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AMENDED IN ASSEMBLY MAY 05, 2025

AMENDED IN ASSEMBLY APRIL 21, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1253

Introduced by Assembly Member Schultz

February 21, 2025

An act to amend Section 70 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1253, as amended, Schultz. Property taxation: newly constructed property: reconstruction of damaged or destroyed property.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. Existing law defines “newly constructed” and “new construction” to mean any addition to real property since the last lien date and any alteration of land or of any improvement since the last lien date that constitutes a major rehabilitation thereof or that converts the property to a different use. Existing law, where real property has been damaged or destroyed by misfortune or calamity, excludes from the definition of “newly constructed” and “new construction” any timely reconstruction of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction.

This bill would authorize an assessor, in the case where state or local government action mandates a suspension or modification of rebuild development standards, *and subject to specified law*, to align the assessment of “substantial equivalence” with the requirements and criteria set forth by the government for reconstruction of property damaged by the 2025 fire disasters in Palisades, Eaton, Hurst, Lidia, Sunset, or Woodley, as provided.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 70 of the Revenue and Taxation Code is amended to read:

70. (a) “Newly constructed” and “new construction” means:

- (1) Any addition to real property, whether land or improvements, including fixtures, since the last lien date; and
- (2) Any alteration of land or of any improvement, including fixtures, since the last lien date that constitutes a major rehabilitation thereof or that converts the property to a different use.

(b) Any rehabilitation, renovation, or modernization that converts an improvement or fixture to the substantial equivalent of a new improvement or fixture is a major rehabilitation of that improvement or fixture.

(c) (1) Notwithstanding subdivisions (a) and (b), where real property has been damaged or destroyed by misfortune or calamity, “newly constructed” and “new construction” does not mean any timely reconstruction of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction. Any reconstruction of real property, or portion thereof, that is not substantially equivalent to the damaged or destroyed property, shall be deemed to be new construction and only that portion that exceeds substantially equivalent reconstruction shall have a new base year value determined pursuant to Section 110.1.

(2) In the case where state or local government action mandates a suspension or modification of rebuild development standards, the assessor ~~may~~ *may, subject to the provisions of subdivision (b) of Section 70.5,* align the assessment of “substantial equivalence” with the requirements and criteria set forth by the government for reconstruction, provided that these standards are designed to expedite the rebuilding of property damaged by the 2025 fire disasters in Palisades, Eaton, Hurst, Lidia, Sunset, or Woodley, as proclaimed by the Governor.

(d) (1) Notwithstanding subdivisions (a) and (b), where a tank must be improved, upgraded, or replaced to comply with federal, state, and local regulations on underground storage tanks, “newly constructed” and “new construction” does not mean the improvement, upgrade, or replacement of a tank to meet compliance standards, and the improvement, upgrade, or replacement shall be considered to have been performed for the purpose of normal maintenance and repair.

(2) Notwithstanding subdivisions (a) and (b), where a structure, or any portion thereof, was reconstructed, as a consequence of completing work on an underground storage tank to comply with federal, state, and local regulations on these tanks, timely reconstruction of the structure shall be considered to have been performed for the purpose of normal maintenance and repair where the structure, or portion thereof, after reconstruction is substantially equivalent to the prior structure in size, utility, and function.