



# Council Agenda Report

To: Mayor Silverstein and the Honorable Members of the City Council

Prepared by: Nicholas Sanchez, Interim Management Analyst

Reviewed by: Greg Kajszo, Assistant to the City Manager

Approved by: Joesph D. Irvin, City Manager

Date prepared: March 2, 2026 Meeting date: March 9, 2026

Subject: Senate Bill (SB) 1352 Property taxation: newly constructed: reconstructed property - SUPPORT

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**RECOMMENDED ACTION:** Authorize the Mayor to send a letter of support for Senate Bill 1352 (Valladares), which would clarify that post-disaster rebuilding up to 110% of a home's original size will not trigger a property tax reassessment, allowing homeowners to restore damaged structures without higher taxes.

**FISCAL IMPACT:** There is no fiscal impact associated with the recommendation action.

**STRATEGIC PRIORITY:** This item was not included in the Adopted FY 2025-26 Strategic Priority Project List.

**DISCUSSION:** SB 1352 clarifies property tax rules for homeowners rebuilding after a disaster by defining "substantially equivalent" reconstruction to include homes rebuilt up to 110% of their previous size without triggering reassessment. Under current law, reconstruction after a wildfire is exempt from reassessment only if the replacement structure is substantially equivalent to the original; however, the statute does not specify what qualifies as substantially equivalent, leading to inconsistent interpretations across counties.

For Malibu residents rebuilding after the Palisades Fire, the lack of a clear definition creates uncertainty and the potential for unexpected property tax increases if reconstruction modestly exceeds the prior footprint. SB 1352 would align property tax rules with California's post-disaster rebuilding practices by explicitly allowing up to a 10% increase in size – footprint or improvements – while preserving the original tax base value.

This ensures that homeowners who reconstruct in good faith after wildfire damage are not penalized with higher property taxes solely because minor dimensional changes were necessary to meet modern building codes, safety standards, or site constraints.

This bill applies to disasters occurring on or after January 1, 2025, and would provide meaningful financial stability to Malibu homeowners navigating lengthy and costly rebuilding processes. Staff notes that this clarification would help prevent reassessment disputes, reduce administrative burden for local tax officials, and offer predictable tax treatment for disaster-affected residents.

ATTACHMENTS:

1. Draft Letter of Support
2. SB 1352 Bill
3. California Strategies & Advocacy Summary

March 9, 2026

[Chair]

[Committee]

California State Capitol

Sacramento, CA 95814

RE: City of Malibu Support for SB 1352 (Valladares) – Property taxation - as Amended on February 20, 2026

Honorable [Chair Assemblymember], [Vice Chair Assemblymember], and Members of the Assembly [Committee],

As Mayor of the City of Malibu, I write to offer our full support for Senate Bill 1352, authored by Senator Valladares. This legislation offers a practical and timely solution to a critical issue faced by residents rebuilding after catastrophic wildfires and other disasters.

Under existing law, properties damaged or destroyed by misfortune or calamity may be reconstructed without triggering reassessment so long as the rebuilt structure is “substantially equivalent” to the original. However, the term “substantially equivalent” has never been clearly defined in statute, creating inconsistent interpretations among county assessors and significant uncertainty for property owners attempting to rebuild safely, compliantly, and within modern building standards.

SB 1352 resolves this ambiguity by specifying that a reconstructed home may increase up to 110% of its prior size and still retain its original base-year value. This clarification is both practical and necessary. By establishing a consistent statewide definition of “substantially equivalent,” SB 1352 strengthens California’s disaster-recovery framework, reduces administrative confusion, and aligns tax policy with real-world rebuilding needs. This legislation represents a thoughtful and equitable solution for fire-impacted communities throughout the state.

In communities like Malibu, where rebuilding after wildfire almost always requires modifications to meet current rebuilding codes, fire-hardening requirements, and site conditions, small dimensional increases are often unavoidable. The City of Malibu has witnessed firsthand how prolonged rebuilding timelines, rising construction costs, and insurance challenges compound the trauma of wildfire recovery. SB 1352 brings fairness, predictability, and compassion to this process by ensuring that survivors who rebuild responsibly are not penalized simply because their reconstructed homes differ slightly in size as a result of mandatory safety upgrades.

The bill provides critical stability for Malibu homeowners by ensuring that modest, code-driven rebuilding adjustments do not trigger unexpected or financially burdensome tax reassessments. It allows Malibu families to focus on recovery with confidence and clarity.

For these reasons, the City of Malibu is pleased to support SB 1352 and respectfully urges its passage.

Thank you for your leadership and your commitment to communities recovering from disaster.

Sincerely,

Bruce Silverstein, Mayor  
City of Malibu

cc: Steve Urhing, Mayor Pro Tem  
Marianne Riggins, Councilmember  
Doug Stewart, Councilmember  
Haylynn Conrad, Councilmember  
Ben Allen, Senator, 24<sup>th</sup> District  
Jacqui Irwin, Assemblymember, 42nd District



**SB-1352 Property taxation: newly constructed: reconstructed property.** (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**SENATE BILL**

**NO. 1352**

**Introduced by Senator Valladares**

**February 20, 2026**

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

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1352, as introduced, Valladares. Property taxation: newly constructed: reconstructed 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 property tax 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 property tax law, in the case of real property that 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 define "substantially equivalent" for these purposes to include when the size of the improvement after reconstruction does not exceed 110% of the size of the improvement before damage or destruction. The bill would apply this change to lien dates occurring on or after January 1, 2025, for real property that serves as replacement property for property that was damaged or destroyed by misfortune or calamity on or after January 1, 2025. By imposing additional duties on local tax officials, the bill would impose a state-mandated local program.

This bill would make legislative findings and declarations related to a gift of public funds.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Existing law requires the state to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding those provisions, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

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

## 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) For purposes of this subdivision, "substantially equivalent" includes when the size of the improvement after reconstruction does not exceed 110 percent of the size of the improvement before damage or destruction.*

*(3) Paragraph (2) shall apply to lien dates occurring on or after January 1, 2025, for real property that serves as replacement property for property that was damaged or destroyed by misfortune or calamity on or after January 1, 2025.*

(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.

**SEC. 2.** The Legislature finds and declares that the amendments to Section 70 of the Revenue and Taxation Code made by this act serve a public purpose and do not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution by providing necessary property tax relief to taxpayers whose property was damaged or destroyed by a destructive California wildfire.

**SEC. 3.** If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

**SEC. 4.** Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

## **SB 1352 (Valladares, R) Property Taxation Summary**

**Current Text:** 02/20/2026 - Introduced HTML PDF

**Status:** 02/20/2026 - Introduced. To Com. on RLS. for assignment. To print.

**Location:** 02/20/2026 - Senate Rules

**Summary:** 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 property tax 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 property tax law, in the case of real property that 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 define “substantially equivalent” for these purposes to include when the size of the improvement after reconstruction does not exceed 110% of the size of the improvement before damage or destruction. The bill would apply this change to lien dates occurring on or after January 1, 2025, for real property that serves as replacement property for property that was damaged or destroyed by misfortune or calamity on or after January 1, 2025. By imposing additional duties on local tax officials, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws. (Based on 02/20/2026 text)