

**CITY OF TEMECULA
AGENDA REPORT**

TO: City Manager/City Council

FROM: Randi Johl, Director of Legislative Affairs/City Clerk

DATE: February 24, 2026

SUBJECT: Consider Position of Support for Senate Bill 974 Regarding Property Taxation Transfer for Severely and Permanently Disabled Persons (At the Request of Mayor Pro Tem Rahn)

PREPARED BY: Randi Johl, Director of Legislative Affairs/City Clerk

RECOMMENDATION: That the City Council consider a position of support for Senate Bill 974, authored by Senator Kelley Seyarto, regarding property taxation transfer for severely and permanently disabled persons.

BACKGROUND: On February 10, 2026, the City Council unanimously approved a request by Mayor Pro Tem Rahn to place this item on a future agenda. Senate Bill 974 (SB 974) is authored by Senator Kelley Seyarto, a State representative for the City of Temecula. The bill was introduced on February 4, 2026, in its house of origin and is in the early stages of passage.

The state constitution limits the amount of ad valorem taxes on real property to 1% of the full cash value of the property subject to an annual inflation adjustment not to exceed 2%. Existing law authorizes an owner of a primary residence who is over 55 years of age, severely and permanently disabled, to transfer the taxable value of property that is eligible for either the homeowners' exemption or the disabled veterans' exemption to any replacement dwelling that is purchased or newly constructed as that person's principal residence within 2 years of the sale of the original primary residence. Existing law also authorizes the establishment of a special needs trust if a court makes specific determinations. This bill requires the county assessor to determine that a person is eligible as a severely and permanently disabled claimant if the county assessor receives a letter certifying a special needs trust. The bill also authorizes the assessor to issue a determination of preliminary eligibility and require the claimant be liable for property tax at the appraised value of the replacement dwelling at the time of transfer for the years since the transfer if the trust fails to produce the letter within 5 years. The bill requires the state to develop and establish a method for a claimant to request, and the parameters for issuing, a letter certifying a special needs trust.

FISCAL IMPACT: None

ATTACHMENTS: None