

**ASSEMBLY BILL**

**No. 2357**

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**Introduced by Assembly Member Plescia**

February 19, 2004

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An act to amend Sections 218 and 275 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 2357, as introduced, Plescia. Taxation: homeowners' property tax exemption: senior citizens.

Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' exemption in the amount of \$7,000 of the full value of a "dwelling," as defined. The California Constitution authorizes the Legislature to increase the amount of the exemption. Existing property tax law reduces the amount of this exemption to the lesser of \$5,600 or 80% of the full value of the dwelling, if a claimant for the exemption does not claim the exemption before a specified date.

This bill would, for assessment years beginning on or after January 1, 2005, pursuant to the Legislature's authority under the California Constitution, increase the amount of this exemption to \$10,000 for assessees that are age 62 years or older. This bill, for assessment years beginning on or after January 1, 2005, also would, for assessees age 62 years or older who do not claim the exemption before a specified date, allow an exemption of the lesser of \$8,000 or 80% of the full value of the dwelling. By requiring local tax officials to implement new exemption amounts and new exemption criteria, this bill would impose a state-mandated local program.

The California Constitution requires the Legislature, in each fiscal year, to reimburse local governments for the revenue losses incurred by those governments in that fiscal year as a result of the homeowners' property tax exemption.

This bill would state the intent of the Legislature to make this required reimbursement in the annual Budget Act.

The California Constitution requires the Legislature to increase benefits for qualified renters whenever the Legislature increases the homeowners' property tax exemption.

This bill would state the intent of the Legislature to implement a program to meet this requirement for qualified renters.

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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

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 these statutory provisions.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 218 of the Revenue and Taxation Code  
 2 is amended to read:  
 3 218. (a) (1) The homeowners' property tax exemption is in  
 4 the amount of the assessed value of the dwelling specified in this  
 5 section, as authorized by subdivision (k) of Section 3 of Article  
 6 XIII of the Constitution. That exemption ~~shall be~~ is, except as  
 7 otherwise provided in paragraph (2), in the amount of seven  
 8 thousand dollars (\$7,000) of the full value of the dwelling.  
 9 (2) For any assessment year beginning on or after January 1,  
 10 2005, if the assessee for a dwelling is age 62 years or older, the  
 11 exemption is in the amount of ten thousand dollars (\$10,000) of the  
 12 full value of the dwelling.



1 (b) The exemption does not extend to property that is rented,  
2 vacant, under construction on the lien date, or that is a vacation or  
3 secondary home of the owner or owners, nor does it apply to  
4 property on which an owner receives the veteran's exemption.

5 (c) For purposes of this section, all of the following apply:

6 (1) "Owner" includes a person purchasing the dwelling under  
7 a contract of sale or who holds shares or membership in a  
8 cooperative housing corporation, which holding is a requisite to  
9 the exclusive right of occupancy of a dwelling.

10 (2) (A) "Dwelling" means a building, structure, or other  
11 shelter constituting a place of abode, whether real property or  
12 personal property, and any land on which it may be situated. A  
13 two-dwelling unit shall be considered as two separate  
14 single-family dwellings.

15 (B) "Dwelling" includes the following:

16 (i) A single-family dwelling occupied by an owner thereof as  
17 his or her principal place of residence on the lien date.

18 (ii) A multiple-dwelling unit occupied by an owner thereof on  
19 the lien date as his or her principal place of residence.

20 (iii) A condominium occupied by an owner thereof as his or her  
21 principal place of residence on the lien date.

22 (iv) Premises occupied by the owner of shares or a membership  
23 interest in a cooperative housing corporation, as defined in  
24 subdivision (i) of Section 61, as his or her principal place of  
25 residence on the lien date. Each exemption allowed pursuant to this  
26 subdivision shall be deducted from the total assessed valuation of  
27 the cooperative housing corporation. The exemption shall be taken  
28 into account in apportioning property taxes among owners of share  
29 or membership interests in the cooperative housing corporations  
30 so as to benefit those owners who qualify for the exemption.

31 (d) Any dwelling that qualified for an exemption under this  
32 section prior to October 20, 1991, that was damaged or destroyed  
33 by fire in a disaster, as declared by the Governor, occurring on or  
34 after October 20, 1991, and before November 1, 1991, and that has  
35 not changed ownership since October 20, 1991, ~~shall~~ may not be  
36 disqualified as a "dwelling" or be denied an exemption under this  
37 section solely on the basis that the dwelling was temporarily  
38 damaged or destroyed or was being reconstructed by the owner.

39 (e) The exemption provided for in subdivision (k) of Section 3  
40 of Article XIII of the Constitution shall first be applied to the



1 building, structure or other shelter and the excess, if any, shall be  
2 applied to any land on which it may be located.

3 SEC. 2. Section 275 of the Revenue and Taxation Code is  
4 amended to read:

5 275. (a) If a claimant for the homeowners' property tax  
6 exemption fails to file the required affidavit with the assessor by  
7 5 p.m. on February 15 of the calendar year in which the fiscal year  
8 begins, but files that affidavit on or before the following December  
9 10, an exemption of the lesser of five thousand six hundred dollars  
10 (\$5,600) or 80 percent of the full value of the dwelling shall be  
11 granted by the assessor, *except as otherwise provided by this*  
12 *section with respect to a claimant who is age 62 years or older. If*  
13 *a claimant, subject to the preceding sentence, is age 62 years or*  
14 *older, the exemption granted by the assessor pursuant to this*  
15 *section for claims filed for assessment years beginning on or after*  
16 *January 1, 2005, shall instead be the lesser of eight thousand*  
17 *dollars (\$8,000), or 80 percent of the full value of the dwelling.*

18 (b) On claims filed pursuant to subdivision (a) after November  
19 15, this partial homeowners' exemption may be applied to the  
20 second installment, and if applied to the second installment, the  
21 first installment will still become delinquent on December 10 and  
22 the delinquent penalty provided for in this division will attach if  
23 the tax amount due is not paid.

24 If this partial homeowners' exemption is applied to the second  
25 installment and if both installments are paid on or before  
26 December 10 or if the reduction in taxes from this partial  
27 exemption exceeds the amount of taxes due on the second  
28 installment, a refund shall be made to the taxpayer upon a claim  
29 submitted by the taxpayer to the auditor.

30 SEC. 3. It is the intent of the Legislature to provide in the  
31 annual Budget Act those additional reimbursements to local  
32 governments that, as a result of this act, are required by Section 25  
33 of Article XIII of the California Constitution.

34 SEC. 4. Pursuant to subdivision (k) of Section 3 of Article  
35 XIII of the California Constitution, it is the intent of the  
36 Legislature to implement a program for qualified renters, age 62  
37 years or older, that provides a benefit that is comparable to the  
38 benefit given by this act to homeowners of the same age.

39 SEC. 5. Notwithstanding Section 17610 of the Government  
40 Code, if the Commission on State Mandates determines that this



1 act contains costs mandated by the state, reimbursement to local  
2 agencies and school districts for those costs shall be made pursuant  
3 to Part 7 (commencing with Section 17500) of Division 4 of Title  
4 2 of the Government Code. If the statewide cost of the claim for  
5 reimbursement does not exceed one million dollars (\$1,000,000),  
6 reimbursement shall be made from the State Mandates Claims  
7 Fund.

8 SEC. 6. This act provides for a tax levy within the meaning of  
9 Article IV of the Constitution and shall go into immediate effect.

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