

AMENDED IN ASSEMBLY JUNE 19, 2006

AMENDED IN SENATE MAY 2, 2006

**SENATE BILL**

**No. 1637**

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**Introduced by Committee on Veterans Affairs (Senators Morrow  
(Chair), Chesbro, Denham, Dunn, and Soto)**

February 24, 2006

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An act to amend Sections 75.21, 276.1, 276.2, 277, and 408 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1637, as amended, Committee on Veterans Affairs. Property taxation.

(1) Existing law, with respect to supplemental property tax assessments, specifies various limitation periods for assessments on the supplemental tax roll. Existing law provides for the application of property tax exemptions to those supplemental assessments provided, among other things, that an assessee file an exemption application within a specified time. Existing property tax law allows taxes, penalties, and interest imposed for late filings of property tax exemption applications for the supplemental roll *that exceed \$250 in total* to be reduced by 85% or 90%, as applicable, in the case of the exemption for a college, cemetery, church, religious, exhibition, or veterans' organization, as specified. In the case of the property tax exemption for disabled veterans, existing property tax law reduces by 80% the taxes, penalties, and interest imposed for certain late filings of these exemption applications. If the late filing was because the person had not yet received a disability rating from the United States Department of Veterans Affairs (USDVA) or because the property was acquired after the lien date or was not occupied as the principal

residence of the veteran, existing law reduces all taxes, penalties, and interest imposed for the late filing.

This bill would additionally authorize an 85% or 90%, as applicable, reduction in the taxes, penalties, and interest imposed for late filings of property tax exemption applications for the supplemental roll in the case of the disabled veterans' exemption, *regardless of whether those amounts exceed \$250*. This bill would also specify that this exemption applies beginning on the date that the claimant receives a disability rating from the United States Department of Veterans Affairs and applies to all property taxes on the property that serve as a lien against that property, as specified. *This bill would also specify the manner in which the exemption is to be prorated in the case of the property becoming eligible for the disabled veterans' exemption after the lien date, as specified.*

This bill would also require that claims for the disabled veterans' exemption contain the claimant's social security number or other personal identifying number. This bill also would, pursuant to legislative findings, specify that these claim forms are not public documents open to public inspection.

By changing the manner in which local officials process claims for the disabled veterans' property tax exemption, this bill would impose a state-mandated local program.

(2) Section 2229 of the Revenue and Taxation Code requires the Legislature 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 Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

(3) 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 these statutory provisions.

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 75.21 of the Revenue and Taxation  
2 Code is amended to read:

3 75.21. (a) Exemptions shall be applied to the amount of the  
4 supplemental assessment, provided that the property is not  
5 receiving any other exemption on either the current roll or the  
6 roll being prepared except as provided for in subdivision (b), that  
7 the assessee is eligible for the exemption, and that, in those  
8 instances in which the provisions of this division require the  
9 filing of a claim for the exemption, the assessee makes a claim  
10 for the exemption.

11 (b) If the property received an exemption on the current roll or  
12 the roll being prepared and the assessee on the supplemental roll  
13 is eligible for an exemption and, in those instances in which the  
14 provisions of this division require the filing of a claim for the  
15 exemption, the assessee makes a claim for an exemption of a  
16 greater amount, then the difference in the amount between the  
17 two exemptions shall be applied to the supplemental assessment.

18 (c) In those instances in which the provisions of this division  
19 require the filing of a claim for the exemption, except as  
20 provided in subdivision (d), (e), or (f), any person claiming to be  
21 eligible for an exemption to be applied against the amount of the  
22 supplemental assessment shall file a claim or an amendment to a  
23 current claim, in that form as prescribed by the board, on or  
24 before the 30th day following the date of notice of the  
25 supplemental assessment, in order to receive a 100-percent  
26 exemption.

27 (1) With respect to property as to which the college, cemetery,  
28 church, religious, exhibition, veterans' organization, ~~disabled~~  
29 ~~veterans~~<sup>2</sup>, free public libraries, free museums, or welfare  
30 exemption was available, but for which a timely application for  
31 exemption was not filed, the following amounts shall be canceled  
32 or refunded:

33 (A) Ninety percent of any tax or penalty or interest thereon, or  
34 any amount of tax or penalty or interest thereon exceeding two  
35 hundred fifty dollars (\$250) in total amount, whichever is greater,  
36 for each supplemental assessment, provided that an appropriate  
37 application for exemption is filed on or before the date on which

1 the first installment of taxes on the supplemental tax bill becomes  
2 delinquent, as provided by Section 75.52.

3 (B) Eighty-five percent of any tax or penalty or interest  
4 thereon, or any amount of tax or penalty or interest thereon  
5 exceeding two hundred fifty dollars (\$250) in total amount,  
6 whichever is greater, for each supplemental assessment, if an  
7 appropriate application for exemption is thereafter filed.

8 (2) With respect to property as to which the welfare exemption  
9 or veterans' organization exemption was available, all provisions  
10 of Section 254.5, other than the specified dates for the filing of  
11 affidavits and other acts, are applicable to this section.

12 (3) With respect to property as to which the veterans' or  
13 homeowners' exemption was available, but for which a timely  
14 application for exemption was not filed, that portion of tax  
15 attributable to 80 percent of the amount of exemption available  
16 shall be canceled or refunded, provided that an appropriate  
17 application for exemption is filed on or before the date on which  
18 the first installment of taxes on the supplemental tax bill becomes  
19 delinquent, as provided by Section 75.52.

20 (4) *With respect to property as to which the disabled veterans'*  
21 *exemption was available, but for which a timely application for*  
22 *exemption was not filed, that portion of tax attributable to 90*  
23 *percent of the amount of exemption available shall be canceled*  
24 *or refunded, provided that an appropriate application for*  
25 *exemption is filed on or before the date on which the first*  
26 *installment of taxes on the supplemental tax bill becomes*  
27 *delinquent, as provided by Section 75.52. If an appropriate*  
28 *application for exemption is thereafter filed, 85 percent of the*  
29 *amount of the exemption available shall be canceled or refunded.*

30 ~~(4)~~

31 (5) With respect to property as to which any other exemption  
32 was available, but for which a timely application for exemption  
33 was not filed, the following amounts shall be canceled or  
34 refunded:

35 (A) Ninety percent of any tax or penalty or interest thereon,  
36 provided that an appropriate application for exemption is filed on  
37 or before the date on which the first installment of taxes on the  
38 supplemental tax bill becomes delinquent, as provided by Section  
39 75.52.

1 (B) Eighty-five percent of any tax or penalty or interest  
2 thereon, or any amount of tax or penalty or interest thereon  
3 exceeding two hundred fifty dollars (\$250) in total amount,  
4 whichever is greater, for each supplemental assessment, if an  
5 appropriate application for exemption is thereafter filed.

6 Other provisions of this division pertaining to the late filing of  
7 claims for exemption do not apply to assessments made pursuant  
8 to this chapter.

9 (d) For purposes of this section, any claim for the  
10 homeowners' exemption, veterans' exemption, or disabled  
11 veterans' exemption previously filed by the owner of a dwelling,  
12 granted and in effect, constitutes the claim or claims for that  
13 exemption required in this section. In the event that a claim for  
14 the homeowners' exemption, veterans' exemption, or disabled  
15 veterans' exemption is not in effect, a claim for any of those  
16 exemptions for a single supplemental assessment for a change in  
17 ownership or new construction occurring on or after June 1, up to  
18 and including December 31, shall apply to that assessment; a  
19 claim for any of those exemptions for the two supplemental  
20 assessments for a change in ownership or new construction  
21 occurring on or after January 1, up to and including May 31, one  
22 for the current fiscal year and one for the following fiscal year,  
23 shall apply to those assessments. In either case, if granted, the  
24 claim shall remain in effect until title to the property changes, the  
25 owner does not occupy the home as his or her principal place of  
26 residence on the lien date, or the property is otherwise ineligible  
27 pursuant to Section 205, 205.5, or 218.

28 (e) Notwithstanding subdivision (c), an additional exemption  
29 claim may not be required to be filed until the next succeeding  
30 lien date in the case in which a supplemental assessment results  
31 from the completion of new construction on property that has  
32 previously been granted exemption on either the current roll or  
33 the roll being prepared.

34 (f) (1) Notwithstanding subdivision (c), an additional  
35 exemption claim is not required to be filed in the instance where  
36 a supplemental assessment results from a change in ownership of  
37 property where the purchaser of the property owns and uses or  
38 uses, as the case may be, other property that has been granted the  
39 college, cemetery, church, religious, exhibition, veterans'  
40 organization, free public libraries, free museums, or welfare

1 exemption on either the current roll or the roll being prepared and  
2 the property purchased is put to the same use.

3 (2) In all other instances where a supplemental assessment  
4 results from a change in ownership of property, an application for  
5 exemption shall be filed pursuant to the provisions of subdivision  
6 (c).

7 SEC. 2. Section 276.1 of the Revenue and Taxation Code is  
8 amended to read:

9 276.1. (a) For property for which the disabled veterans'  
10 exemption described in Section 205.5 would have been available  
11 but for the taxpayer's failure to receive a timely disability rating  
12 from the United States Department of Veterans Affairs  
13 (USDVA), there shall be canceled or refunded the amount of any  
14 taxes, including any interest and penalties thereon, subject to the  
15 provisions regarding cancellations in Article 1 (commencing with  
16 Section 4985) of Chapter 4 and the limitations periods on refunds  
17 as described in Article 1 (commencing with Section 5096) of  
18 Chapter 5, levied on that portion of the assessed value of the  
19 property that would have been exempt under a timely and  
20 appropriate claim, provided that the claimant meets both of the  
21 following conditions:

22 (1) The claimant had an application pending with the USDVA  
23 for a disability rating and subsequently received a rating that  
24 qualifies the claimant for the disabled veterans' exemption  
25 described in Section 205.5.

26 (2) The claimant subsequently files an appropriate claim for  
27 the disabled veterans' exemption described in Section 205.5 the  
28 later of 30 days of receipt of the disability rating from the  
29 USDVA or on or before the next following lien date.

30 (b) Subject to the provisions regarding cancellations and the  
31 limitations periods on refunds, the disabled veterans' exemption  
32 applies beginning on the effective date, as determined by the  
33 USDVA, of a disability rating that qualifies the claimant for the  
34 exemption.

35 SEC. 3. Section 276.2 of the Revenue and Taxation Code is  
36 amended to read:

37 276.2. (a) If *property becomes eligible for* the disabled  
38 veterans' exemption as described in ~~Section 205.5 would have~~  
39 ~~been available for a property, but for that property being acquired~~  
40 ~~by a person eligible for the exemption only after the lien date, or~~

1 ~~but for that property being owned by a person eligible for the~~  
2 ~~exemption on the lien date but not residing on the property on~~  
3 ~~that date, and an appropriate Section 205.5 after the lien date,~~  
4 ~~and an appropriate application for that exemption is filed on or~~  
5 ~~before the lien date in the calendar year next following the~~  
6 ~~calendar year in which the property was acquired or resided in as~~  
7 ~~the principal place of residence property became eligible, there~~  
8 shall be canceled or refunded the amount of any taxes, including  
9 any interest and penalties thereon, levied on that portion of the  
10 assessed value of the property that would have been exempt  
11 under a timely and appropriate application.

12 (b) The entire amount of the exemption applies to any property  
13 tax assessment, including a supplemental and escape assessment,  
14 that was made and that served as a lien against the property. The  
15 exemption amount shall be appropriately prorated ~~to reflect the~~  
16 ~~period of time that the property is the principal place of residence~~  
17 ~~of an eligible person. For newly acquired property, the exemption~~  
18 ~~amount shall be prorated as of the date of acquisition. For~~  
19 ~~previously owned property that is not the principal place of~~  
20 ~~residence, the exemption amount shall be prorated as of the date~~  
21 ~~the property becomes the principal place of residence. from the~~  
22 ~~date the property became eligible for the exemption.~~

23 SEC. 4. Section 277 of the Revenue and Taxation Code is  
24 amended to read:

25 277. Any person claiming the disabled veterans' property tax  
26 exemption shall file a claim with the assessor giving any  
27 information required by the board. This information shall  
28 include, but shall not be limited to, the name of the person  
29 claiming the exemption, the person's social security number or  
30 another personal identifying number, the address of the property,  
31 and a statement to the effect that the claimant owned and  
32 occupied the property as his or her principal place of residence  
33 on the lien date, or that he or she intends to own and occupy the  
34 property as his or her principal place of residence on the next  
35 succeeding lien date, and proof of disability as defined by  
36 Section 205.5.

37 SEC. 5. Section 408 of the Revenue and Taxation Code is  
38 amended to read:

39 408. (a) Except as otherwise provided in subdivisions (b),  
40 (c), (d), and (e), any information and records in the assessor's

1 office that are not required by law to be kept or prepared by the  
2 assessor, disabled veterans' exemption claims, and homeowners'  
3 exemption claims, are not public documents and shall not be  
4 open to public inspection. Property receiving the homeowners'  
5 exemption shall be clearly identified on the assessment roll. The  
6 assessor shall maintain records which shall be open to public  
7 inspection to identify those claimants who have been granted the  
8 homeowners' exemption.

9 (b) The assessor may provide any appraisal data in his or her  
10 possession to the assessor of any county.

11 The assessor shall disclose information, furnish abstracts, or  
12 permit access to all records in his or her office to law  
13 enforcement agencies, the county grand jury, the board of  
14 supervisors or their duly authorized agents, employees, or  
15 representatives when conducting an investigation of the  
16 assessor's office pursuant to Section 25303 of the Government  
17 Code, the Controller, employees of the Controller for property  
18 tax postponement purposes, probate referees, employees of the  
19 Franchise Tax Board for tax administration purposes only, staff  
20 appraisers of the Department of Financial Institutions, the  
21 Department of Transportation, the Department of General  
22 Services, the State Board of Equalization, the State Lands  
23 Commission, the State Department of Social Services, the  
24 Department of Child Support Services, the Department of Water  
25 Resources, and other duly authorized legislative or administrative  
26 bodies of the state pursuant to their authorization to examine the  
27 records. Whenever the assessor discloses information, furnishes  
28 abstracts, or permits access to records in his or her office to staff  
29 appraisers of the Department of Financial Institutions, the  
30 Department of Transportation, the Department of General  
31 Services, the State Lands Commission, or the Department of  
32 Water Resources pursuant to this section, the department shall  
33 reimburse the assessor for any costs incurred as a result thereof.

34 (c) Upon the request of the tax collector, the assessor shall  
35 disclose and provide to the tax collector information used in the  
36 preparation of that portion of the unsecured roll for which the  
37 taxes thereon are delinquent. The tax collector shall certify to the  
38 assessor that he or she needs the information requested for the  
39 enforcement of the tax lien in collecting those delinquent taxes.  
40 Information requested by the tax collector may include social

1 security numbers, and the assessor shall recover from the tax  
2 collector his or her actual and reasonable costs for providing the  
3 information. The tax collector shall add the costs described in the  
4 preceding sentence to the assessee's delinquent tax lien and  
5 collect those costs subject to subdivision (e) of Section 2922.

6 (d) The assessor shall, upon the request of an assessee or his or  
7 her designated representative, permit the assessee or  
8 representative to inspect or copy any market data in the  
9 assessor's possession. For purposes of this subdivision, "market  
10 data" means any information in the assessor's possession,  
11 whether or not required to be prepared or kept by him or her,  
12 relating to the sale of any property comparable to the property of  
13 the assessee, if the assessor bases his or her assessment of the  
14 assessee's property, in whole or in part, on that comparable sale  
15 or sales. The assessor shall provide the names of the seller and  
16 buyer of each property on which the comparison is based, the  
17 location of that property, the date of the sale, and the  
18 consideration paid for the property, whether paid in money or  
19 otherwise. However, for purposes of providing market data, the  
20 assessor may not display any document relating to the business  
21 affairs or property of another.

22 (e) (1) With respect to information, documents, and records,  
23 other than market data as defined in subdivision (d), the assessor  
24 shall, upon request of an assessee of property, or his or her  
25 designated representative, permit the assessee or representative to  
26 inspect or copy all information, documents, and records,  
27 including auditors' narrations and workpapers, whether or not  
28 required to be kept or prepared by the assessor, relating to the  
29 appraisal and the assessment of the assessee's property, and any  
30 penalties and interest thereon.

31 (2) After enrolling an assessment, the assessor shall respond to  
32 a written request for information supporting the assessment,  
33 including, but not limited to, any appraisal and other data  
34 requested by the assessee.

35 (3) Except as provided in Section 408.1, an assessee, or his or  
36 her designated representative, may not be permitted to inspect or  
37 copy information and records that also relate to the property or  
38 business affairs of another, unless that disclosure is ordered by a  
39 competent court in a proceeding initiated by a taxpayer seeking  
40 to challenge the legality of the assessment of his or her property.

1 (f) (1) Permission for the inspection or copying requested  
2 pursuant to subdivision (d) or (e) shall be granted as soon as  
3 reasonably possible to the assessee or his or her designated  
4 representative.

5 (2) If the assessee, or his or her designated representative,  
6 requests the assessor to make copies of any of the requested  
7 records, the assessee shall reimburse the assessor for the  
8 reasonable costs incurred in reproducing and providing the  
9 copies.

10 (3) If the assessor fails to permit the inspection or copying of  
11 materials or information as requested pursuant to subdivision (d)  
12 or (e) and the assessor introduces any requested materials or  
13 information at any assessment appeals board hearing, the  
14 assessee or his or her representative may request and shall be  
15 granted a continuance for a reasonable period of time. The  
16 continuance shall extend the two-year period specified in  
17 subdivision (c) of Section 1604 for a period of time equal to the  
18 period of continuance.

19 SEC. 6. The Legislature finds and declares that Section 5 of  
20 this act, which amends Section 408 of the Revenue and Taxation  
21 Code, imposes limitations on the public's right of access to the  
22 writings of public officials and agencies within the meaning of  
23 Section 3 of Article I of the California Constitution. Pursuant to  
24 that constitutional provision, the Legislature makes the following  
25 findings to demonstrate the interest protected by this limitation  
26 and the need for protecting that interest:

27 (a) Claims filed for the disabled veterans' exemption contain  
28 taxpayer sensitive personal information, including social security  
29 numbers and home addresses. Notwithstanding Section 3 of  
30 Article I of the California Constitution, county assessors have a  
31 responsibility and an obligation to safeguard from public access  
32 a taxpayer's personal information with which it has been  
33 entrusted.

34 (b) The right to privacy is a personal and fundamental right  
35 protected by Section 1 of Article I of the California Constitution  
36 and by the United States Constitution. All individuals have a  
37 right of privacy in information pertaining to them.

38 (c) This state has previously recognized, in Sections 63.1,  
39 69.5, and 408.2 of the Revenue and Taxation Code, the  
40 importance of protecting the confidentiality and privacy of an

1 individual's personal and financial information contained in  
2 homeowners' exemption claims, property statements, change in  
3 ownership exclusion applications, and change of ownership  
4 statements filed with county assessors for property tax purposes.

5 (d) In addition to the right of privacy, there is a need to protect  
6 from public disclosure personal information due to the growing  
7 prevalence and debilitating nature of identity theft.

8 SEC. 7. Notwithstanding Section 2229 of the Revenue and  
9 Taxation Code, no appropriation is made by this act and the state  
10 shall not reimburse any local agency for any property tax  
11 revenues lost by it pursuant to this act.

12 SEC. 8. If the Commission on State Mandates determines that  
13 this act contains costs mandated by the state, reimbursement to  
14 local agencies and school districts for those costs shall be made  
15 pursuant to Part 7 (commencing with Section 17500) of Division  
16 4 of Title 2 of the Government Code.