

AMENDED IN SENATE AUGUST 4, 2008

AMENDED IN SENATE AUGUST 20, 2007

AMENDED IN SENATE JULY 17, 2007

AMENDED IN SENATE JULY 3, 2007

AMENDED IN ASSEMBLY JUNE 1, 2007

AMENDED IN ASSEMBLY APRIL 24, 2007

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 995

Introduced by Assembly Member Nava
(Coauthor: ~~Assembly Member Galgiani~~)
(Coauthor: Senator Maldonado)

February 22, 2007

~~An act to add Section 8879.24.5 to the Government Code, relating to transportation; An act to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.137, 195.138, and 195.139 to, the Revenue and Taxation Code, relating to disaster relief, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 995, as amended, Nava. ~~Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006: trade corridors. Disaster relief.~~

(1) Existing law authorizes a county board of supervisors to provide by ordinance for the reassessment of property that is damaged or

destroyed, without fault on the part of the assessee, by a major misfortune or calamity, upon the application of the assessee or upon the action of the county assessor with the board's approval. With respect to certain counties that have adopted reassessment ordinances and have been declared by the Governor to be in a state of emergency as a result of certain events, existing law provides for state allocations of the estimated amounts of the reductions in property tax revenues resulting in certain fiscal years from reassessments under those ordinances. Existing law also continuously appropriates, without regard to fiscal years, moneys in the Special Fund for Economic Uncertainties for purposes of funding these state allocations.

This bill would provide for similar state allocations with respect to property tax revenue reductions resulting from a reassessment for damages incurred within the County of Santa Barbara, which was declared by the Governor to be in a state of emergency due to the wildfires that commenced in July 2008.

By requiring moneys continuously appropriated from the Special Fund for Economic Uncertainties to be allocated for the new purpose of reimbursing the County of Santa Barbara for these property tax revenue reductions, this bill would make an appropriation.

(2) Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' property tax exemption in the amount of \$7,000 of the full value of a "dwelling," as defined.

This bill would also provide that any dwelling that qualified for the exemption prior to July 1, 2008, that was damaged or destroyed by the wildfires in the County of Santa Barbara, as declared by the Governor in July 2008, and that has not changed ownership since July 1, 2008, may not be denied the exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to wildfires.

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. By requiring local tax officials to implement new exemption criteria, this bill would impose a state-mandated local program.

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.

(3) The Personal Income Tax Law and the Corporation Tax Law provide for the carryover to specified taxable years of specified losses sustained as a result of certain disasters occurring in California in an area determined by the President of the United States to warrant specified federal assistance, or proclaimed by the Governor to be in a state of emergency.

This bill would extend these provisions to losses sustained in the County of Santa Barbara as a result of the wildfires that commenced in July 2008. This bill would authorize a taxpayer to make an election to claim a deduction for those losses on the tax return for the preceding year.

(4) This bill would declare that it is to take effect immediately as an urgency statute.

~~The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B in the November 2006 general election, establishes the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 in the State Treasury. Existing law requires specified moneys in the fund to be deposited in the California Ports Infrastructure, Security, and Air Quality Improvement Account to be available upon appropriation by the Legislature, for certain purposes. The act requires \$1,000,000,000 from the account to be made available to the State Air Resources Board for emission reductions, not otherwise required by law or regulation, from activities related to the movement of freight along California's trade corridors. The act requires \$2,000,000,000 to be transferred to the Trade Corridors Improvement Fund for infrastructure improvements along designated trade corridors.~~

~~This bill would provide that projects eligible for funding from the Trade Corridors Improvement Fund would receive priority if they meet specified requirements. The bill would require the California Transportation Commission to coordinate with the state board for technical assistance in evaluating project applications.~~

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~-yes. Fiscal committee: yes.
State-mandated local program: ~~no~~-yes.

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

1 SECTION 1. Section 195.137 is added to the Revenue and
2 Taxation Code, to read:

3 195.137. (a) By September 30, 2009, the auditor of the County
4 of Santa Barbara, which was the subject of the Governor's
5 proclamation of a state of emergency for wildfires that commenced
6 on July 1, 2008, shall certify to the Director of Finance an estimate
7 of the total amount of the reduction in property tax revenues on
8 both the regular secured roll and the supplemental roll for the
9 2008–09 fiscal year resulting from the reassessment by the county
10 assessor pursuant to paragraph (1) of subdivision (a) of Section
11 170 of those properties that are eligible properties as a result of
12 those disasters, except that the amount certified shall not include
13 any estimated property tax revenue reductions to school districts,
14 other than basic state aid school districts, and county offices of
15 education.

16 (b) For purposes of this section, "basic state aid school district"
17 means any school district that does not receive a state
18 apportionment pursuant to subdivision (h) of Section 42238 of the
19 Education Code, but receives from the state only a basic
20 apportionment pursuant to Section 6 of Article IX of the California
21 Constitution.

22 SEC. 2. Section 195.138 is added to the Revenue and Taxation
23 Code, to read:

24 195.138. After the county auditor of the eligible county, as
25 described in Section 195.137, has made the applicable certification
26 to the Director of Finance pursuant to that section, the director
27 shall within 30 days after verification of the county auditor's
28 estimate, certify this amount to the Controller for allocation to the
29 county. Upon receipt of certification from the Director of Finance,
30 the Controller shall make the appropriate allocation to the county
31 within 10 working days.

32 SEC. 3. Section 195.139 is added to the Revenue and Taxation
33 Code, to read:

34 195.139. (a) On or before June 30, 2010, an eligible county,
35 as described in Section 195.137, shall compute and remit to the

1 *Controller for deposit in the General Fund an amount equal to*
2 *the amount allocated to it by the Controller pursuant to Section*
3 *195.138, less the actual amount of its property tax revenue lost on*
4 *the regular secured and supplemental rolls with respect to those*
5 *eligible properties described in Section 195.137 as a result of the*
6 *reassessment of those properties pursuant to paragraph (1) of*
7 *subdivision (a) of Section 170, excluding any property tax revenue*
8 *lost by school districts, other than basic state aid school districts,*
9 *and county offices of education. If the actual amount of property*
10 *tax revenue lost by an eligible county in the immediately preceding*
11 *fiscal year, as described and limited in the preceding sentence,*
12 *exceeds the amount allocated by the Controller to that county*
13 *pursuant to Section 195.138, the Controller shall allocate the*
14 *amount of that excess to that eligible county.*

15 *(b) For purposes of this section, “basic state aid school district”*
16 *means any school district that does not receive a state*
17 *apportionment pursuant to subdivision (h) of Section 42238 of the*
18 *Education Code, but receives from the state only a basic*
19 *apportionment pursuant to Section 6 of Article IX of the California*
20 *Constitution.*

21 *SEC. 4. Section 218 of the Revenue and Taxation Code is*
22 *amended to read:*

23 218. (a) The homeowners’ property tax exemption is in the
24 amount of the assessed value of the dwelling specified in this
25 section, as authorized by subdivision (k) of Section 3 of Article
26 XIII of the Constitution. That exemption shall be in the amount
27 of seven thousand dollars (\$7,000) of the full value of the dwelling.

28 (b) The exemption does not extend to property that is rented,
29 vacant, under construction on the lien date, or that is a vacation or
30 secondary home of the owner or owners, nor does it apply to
31 property on which an owner receives the veteran’s exemption.

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

33 (1) “Owner” includes a person purchasing the dwelling under
34 a contract of sale or who holds shares or membership in a
35 cooperative housing corporation, which holding is a requisite to
36 the exclusive right of occupancy of a dwelling.

37 (2) (A) “Dwelling” means a building, structure, or other shelter
38 constituting a place of abode, whether real property or personal
39 property, and any land on which it may be situated. A two-dwelling
40 unit shall be considered as two separate single-family dwellings.

1 (B) “Dwelling” includes the following:

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

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

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

8 (iv) Premises occupied by the owner of shares or a membership
9 interest in a cooperative housing corporation, as defined in
10 subdivision (i) of Section 61, as his or her principal place of
11 residence on the lien date. Each exemption allowed pursuant to
12 this subdivision shall be deducted from the total assessed valuation
13 of the cooperative housing corporation. The exemption shall be
14 taken into account in apportioning property taxes among owners
15 of share or membership interests in the cooperative housing
16 corporations so as to benefit those owners who qualify for the
17 exemption.

18 (d) Any dwelling that qualified for an exemption under this
19 section prior to October 20, 1991, that was damaged or destroyed
20 by fire in a disaster, as declared by the Governor, occurring on or
21 after October 20, 1991, and before November 1, 1991, and that
22 has not changed ownership since October 20, 1991, shall not be
23 disqualified as a “dwelling” or be denied an exemption under this
24 section solely on the basis that the dwelling was temporarily
25 damaged or destroyed or was being reconstructed by the owner.

26 (e) Any dwelling that qualified for an exemption under this
27 section prior to October 15, 2003, that was damaged or destroyed
28 by fire or earthquake in a disaster, as declared by the Governor,
29 during October, November, or December 2003, and that has not
30 changed ownership since October 15, 2003, shall not be
31 disqualified as a “dwelling” or be denied an exemption under this
32 section solely on the basis that the dwelling was temporarily
33 damaged or destroyed or was being reconstructed by the owner.

34 (f) Any dwelling that qualified for an exemption under this
35 section prior to June 3, 2004, that was damaged or destroyed by
36 flood in a disaster, as declared by the Governor, during June 2004,
37 and that has not changed ownership since June 3, 2004, shall not
38 be disqualified as a “dwelling” or be denied an exemption under
39 this section solely on the basis that the dwelling was temporarily
40 damaged or destroyed or was being reconstructed by the owner.

1 (g) Any dwelling that qualified for an exemption under this
2 section prior to August 11, 2004, that was damaged or destroyed
3 by the wildfires and any other related casualty that occurred in
4 Shasta County in a disaster, as declared by the Governor, during
5 August 2004, and that has not changed ownership since August
6 11, 2004, shall not be disqualified as a “dwelling” or be denied an
7 exemption under this section solely on the basis that the dwelling
8 was temporarily damaged or destroyed or was being reconstructed
9 by the owner.

10 (h) Any dwelling that qualified for an exemption under this
11 section prior to December 28, 2004, that was damaged or destroyed
12 by severe rainstorms, floods, mudslides, or the accumulation of
13 debris in a disaster, as declared by the Governor, during December
14 2004, January 2005, February 2005, March 2005, or June 2005,
15 and that has not changed ownership since December 28, 2004,
16 shall not be disqualified as a “dwelling” or be denied an exemption
17 under this section solely on the basis that the dwelling was
18 temporarily damaged or destroyed or was being reconstructed by
19 the owner, or was temporarily uninhabited as a result of restricted
20 access to the property due to floods, mudslides, the accumulation
21 of debris, or washed-out or damaged roads.

22 (i) Any dwelling that qualified for an exemption under this
23 section prior to December 19, 2005, that was damaged or destroyed
24 by severe rainstorms, floods, mudslides, or the accumulation of
25 debris in a disaster, as declared by the Governor in January 2006,
26 April 2006, May 2006, or June 2006, and that has not changed
27 ownership since December 19, 2005, shall not be disqualified as
28 a “dwelling” or be denied an exemption under this section solely
29 on the basis that the dwelling was temporarily damaged or
30 destroyed or was being reconstructed by the owner, or was
31 temporarily uninhabited as a result of restricted access to the
32 property due to floods, mudslides, the accumulation of debris, or
33 washed-out or damaged roads.

34 (j) Any dwelling that qualified for an exemption under this
35 section prior to July 9, 2006, that was damaged or destroyed by
36 the wildfires and any other related casualty that occurred in the
37 County of San Bernardino, as declared by the Governor in July
38 2006, and that has not changed ownership since July 9, 2006, shall
39 not be disqualified as a “dwelling” or be denied an exemption
40 under this section solely on the basis that the dwelling was

1 temporarily damaged or destroyed or was being reconstructed by
2 the owner, or was temporarily uninhabited as a result of restricted
3 access to the property due to the wildfires.

4 (k) Any dwelling that qualified for an exemption under this
5 section prior to the commencement dates of the wildfires listed in
6 the Governor's proclamations of 2006 that was damaged or
7 destroyed by the wildfires and any other related casualty that
8 occurred in the Counties of Riverside and Ventura, and that has
9 not changed ownership since the commencement dates of these
10 disasters as listed in the Governor's proclamations of 2006 shall
11 not be disqualified as a "dwelling" or be denied an exemption
12 under this section solely on the basis that the dwelling was
13 temporarily damaged or destroyed or was being reconstructed by
14 the owner, or was temporarily uninhabited as a result of restricted
15 access to the property due to the wildfires.

16 (l) Any dwelling that qualified for an exemption under this
17 section prior to January 11, 2007, that was damaged or destroyed
18 by severe freezing conditions, commencing January 11, 2007, and
19 any other related casualty that occurred in the Counties of El
20 Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey,
21 Riverside, San Bernardino, San Diego, San Luis Obispo, Santa
22 Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a
23 result of a disaster as declared by the Governor, and that has not
24 changed ownership since January 11, 2007, shall not be disqualified
25 as a "dwelling" or be denied an exemption under this section solely
26 on the basis that the dwelling was temporarily damaged or
27 destroyed or was being reconstructed by the owner, or was
28 temporarily uninhabited as a result of restricted access to the
29 property due to severe freezing conditions.

30 (m) Any dwelling that qualified for an exemption under this
31 section prior to June 24, 2007, that was damaged or destroyed by
32 the wildfires and any other related casualty that occurred as a result
33 of this disaster in the County of El Dorado, as declared by the
34 Governor in June 2007, and that has not changed ownership since
35 June 24, 2007, shall not be disqualified as a "dwelling" or be denied
36 an exemption under this section solely on the basis that the
37 dwelling was temporarily damaged or destroyed or was being
38 reconstructed by the owner, or was temporarily uninhabited as a
39 result of restricted access to the property due to the wildfires.

1 (n) Any dwelling that qualified for an exemption under this
2 section prior to July 4, 2007, that was damaged or destroyed by
3 the Zaca Fire and any other related casualty that occurred as a
4 result of this disaster in the Counties of Santa Barbara and Ventura,
5 as declared by the Governor in August 2007, and that has not
6 changed ownership since July 4, 2007, may not be denied an
7 exemption solely on the basis that the dwelling was temporarily
8 damaged or destroyed or was being reconstructed by the owner,
9 or was temporarily uninhabited as a result of restricted access to
10 the property due to the Zaca Fire.

11 (o) *Any dwelling that qualified for an exemption under this*
12 *section prior to July 1, 2008, that was damaged or destroyed by*
13 *the wildfires and any other related casualty that occurred as a*
14 *result of this disaster in the County of Santa Barbara, as declared*
15 *by the Governor in July 2008, and that has not changed ownership*
16 *since July 1, 2008, may not be denied an exemption solely on the*
17 *basis that the dwelling was temporarily damaged or destroyed or*
18 *was being reconstructed by the owner, or was temporarily*
19 *uninhabited as a result of restricted access to the property due to*
20 *the wildfires.*

21 (⊖)

22 (p) The exemption provided for in subdivision (k) of Section 3
23 of Article XIII of the Constitution shall first be applied to the
24 building, structure, or other shelter and the excess, if any, shall be
25 applied to any land on which it may be located.

26 *SEC. 5. Section 17207 of the Revenue and Taxation Code is*
27 *amended to read:*

28 17207. (a) An excess disaster loss, as defined in subdivision
29 (c), shall be carried to other taxable years as provided in
30 subdivision (b), with respect to losses resulting from any of the
31 following disasters:

32 (1) Forest fire or any other related casualty occurring in 1985
33 in California.

34 (2) Storm, flooding, or any other related casualty occurring in
35 1986 in California.

36 (3) Any loss sustained during 1987 as a result of a forest fire or
37 any other related casualty.

38 (4) Earthquake, aftershock, or any other related casualty
39 occurring in 1987 in California.

- 1 (5) Earthquake, aftershock, or any other related casualty
2 occurring in 1989 in California.
- 3 (6) Any loss sustained during 1990 as a result of fire or any
4 other related casualty in California.
- 5 (7) Any loss sustained as a result of the Oakland/Berkeley Fire
6 of 1991, or any other related casualty.
- 7 (8) Any loss sustained as a result of storm, flooding, or any
8 other related casualty occurring in February 1992 in California.
- 9 (9) Earthquake, aftershock, or any other related casualty
10 occurring in April 1992 in the County of Humboldt.
- 11 (10) Riots, arson, or any other related casualty occurring in
12 April or May 1992 in California.
- 13 (11) Any loss sustained as a result of the earthquakes that
14 occurred in the County of San Bernardino in June and July of 1992,
15 or any other related casualty.
- 16 (12) Any loss sustained as a result of the Fountain Fire that
17 occurred in the County of Shasta, or as a result of either of the
18 fires in the Counties of Calaveras and Trinity that occurred in
19 August 1992, or any other related casualty.
- 20 (13) Any loss sustained as a result of storm, flooding, or any
21 other related casualty that occurred in the Counties of Alpine,
22 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,
23 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,
24 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,
25 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of
26 Fillmore in January 1993.
- 27 (14) Any loss sustained as a result of a fire that occurred in the
28 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
29 Diego, and Ventura, during October or November of 1993, or any
30 other related casualty.
- 31 (15) Any loss sustained as a result of the earthquake, aftershocks,
32 or any other related casualty that occurred in the Counties of Los
33 Angeles, Orange, and Ventura on or after January 17, 1994.
- 34 (16) Any loss sustained as a result of a fire that occurred in the
35 County of San Luis Obispo during August of 1994, or any other
36 related casualty.
- 37 (17) Any loss sustained as a result of the storms or flooding
38 occurring in 1995, or any other related casualty, sustained in any
39 county of this state subject to a disaster declaration with respect
40 to the storms and flooding.

1 (18) Any loss sustained as a result of the storms or flooding
2 occurring in December 1996 or January 1997, or any related
3 casualty, sustained in any county of this state subject to a disaster
4 declaration with respect to the storms or flooding.

5 (19) Any loss sustained as a result of the storms or flooding
6 occurring in February 1998, or any related casualty, sustained in
7 any county of this state subject to a disaster declaration with respect
8 to the storms or flooding.

9 (20) Any loss sustained as a result of a freeze occurring in the
10 winter of 1998–99, or any related casualty, sustained in any county
11 of this state subject to a disaster declaration with respect to the
12 freeze.

13 (21) Any loss sustained as a result of an earthquake occurring
14 in September 2000, that was included in the Governor’s
15 proclamation of a state of emergency for the County of Napa.

16 (22) Any loss sustained as a result of the Middle River levee
17 break in San Joaquin County occurring in June 2004.

18 (23) Any losses sustained as a result of the fires that occurred
19 in the Counties of Los Angeles, Riverside, San Bernardino, San
20 Diego, and Ventura in October and November 2003, or as a result
21 of floods, mudflows, and debris flows, directly related to fires.

22 (24) Any losses sustained in the Counties of Santa Barbara and
23 San Luis Obispo as a result of the San Simeon earthquake,
24 aftershocks, and any other related casualties.

25 (25) Any losses sustained as a result of the wildfires that
26 occurred in Shasta County, commencing August 11, 2004, and
27 any other related casualty.

28 (26) Any loss sustained in the Counties of Kern, Los Angeles,
29 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,
30 and Ventura as a result of the severe rainstorms, related flooding
31 and slides, and any other related casualties, that occurred in
32 December 2004, January 2005, February 2005, March 2005, or
33 June 2005.

34 (27) Any loss sustained in the Counties of Alameda, Alpine,
35 Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El
36 Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin,
37 Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer,
38 Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo,
39 Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus,
40 Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of

1 the severe rainstorms, related flooding and slides, and any other
 2 related casualties, that occurred in December 2005, January 2006,
 3 March 2006, or April 2006.

4 (28) Any loss sustained in the County of San Bernardino as a
 5 result of the wildfires that occurred in July 2006.

6 (29) Any loss sustained in the Counties of Riverside and Ventura
 7 as a result of wildfires that occurred during the 2006 calendar year.

8 (30) Any loss sustained in the Counties of El Dorado, Fresno,
 9 Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San
 10 Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa
 11 Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject
 12 of the Governor’s proclamations of a state of emergency for the
 13 severe freezing conditions that occurred in January 2007.

14 (31) Any loss sustained in the County of El Dorado as a result
 15 of wildfires that occurred in June 2007.

16 (32) Any loss sustained in the Counties of Santa Barbara and
 17 Ventura as a result of the Zaca Fire that occurred during the 2007
 18 calendar year.

19 (33) *Any loss sustained in the County of Santa Barbara as a*
 20 *result of wildfires that commenced in July 2008.*

21 (b) (1) In the case of any loss allowed under Section 165(c) of
 22 the Internal Revenue Code, relating to limitation of losses of
 23 individuals, any excess disaster loss shall be carried forward to
 24 each of the five taxable years following the taxable year for which
 25 the loss is claimed. However, if there is any excess disaster loss
 26 remaining after the five-year period, then the applicable percentage,
 27 as set forth in paragraph (1) of subdivision (b) of Section 17276,
 28 of that excess disaster loss shall be carried forward to each of the
 29 next 10 taxable years.

30 (2) The entire amount of any excess disaster loss as defined in
 31 subdivision (c) shall be carried to the earliest of the taxable years
 32 to which, by reason of subdivision (b), the loss may be carried.
 33 The portion of the loss which shall be carried to each of the other
 34 taxable years shall be the excess, if any, of the amount of excess
 35 disaster loss over the sum of the adjusted taxable income for each
 36 of the prior taxable years to which that excess disaster loss is
 37 carried.

38 (c) “Excess disaster loss” means a disaster loss computed
 39 pursuant to Section 165 of the Internal Revenue Code which
 40 exceeds the adjusted taxable income of the year of loss or, if the

1 election under Section 165(i) of the Internal Revenue Code is
2 made, the adjusted taxable income of the year preceding the loss.

3 (d) The provisions of this section and Section 165(i) of the
4 Internal Revenue Code shall be applicable to any of the losses
5 listed in subdivision (a) sustained in any county or city in this state
6 which was proclaimed by the Governor to be in a state of disaster.

7 (e) Losses allowable under this section may not be taken into
8 account in computing a net operating loss deduction under Section
9 172 of the Internal Revenue Code.

10 (f) For purposes of this section, “adjusted taxable income” shall
11 be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

12 (g) For losses described in paragraphs (15) to ~~(32)~~ (33),
13 inclusive, of subdivision (a), the election under Section 165(i) of
14 the Internal Revenue Code may be made on a return or amended
15 return filed on or before the due date of the return (determined
16 with regard to extension) for the taxable year in which the disaster
17 occurred.

18 *SEC. 6. Section 24347.5 of the Revenue and Taxation Code is*
19 *amended to read:*

20 24347.5. (a) An excess disaster loss, as defined in subdivision
21 (c), shall be carried to other taxable years as provided in
22 subdivision (b), with respect to losses resulting from any of the
23 following disasters:

24 (1) Forest fire or any other related casualty occurring in 1985
25 in California.

26 (2) Storm, flooding, or any other related casualty occurring in
27 1986 in California.

28 (3) Any loss sustained during 1987 as a result of a forest fire or
29 any other related casualty.

30 (4) Earthquake, aftershock, or any other related casualty
31 occurring in October 1987 in California.

32 (5) Earthquake, aftershock, or any other related casualty
33 occurring in October 1989 in California.

34 (6) Any loss sustained during 1990 as a result of fire or any
35 other related casualty in California.

36 (7) Any loss sustained as a result of the Oakland/Berkeley Fire
37 of 1991, or any other related casualty.

38 (8) Any loss sustained as a result of storm, flooding, or any
39 other related casualty occurring in February 1992 in California.

1 (9) Earthquake, aftershock, or any other related casualty
2 occurring in April 1992 in the County of Humboldt.

3 (10) Riots, arson, or any other related casualty occurring in
4 April or May 1992 in California.

5 (11) Any loss sustained as a result of the earthquakes or any
6 other related casualty that occurred in the County of San
7 Bernardino in June and July of 1992.

8 (12) Any loss sustained as a result of the Fountain Fire that
9 occurred in the County of Shasta, or as a result of either of the
10 fires in the Counties of Calaveras and Trinity that occurred in
11 August 1992, or any other related casualty.

12 (13) Any loss sustained as a result of storm, flooding, or any
13 other related casualty that occurred in the Counties of Alpine,
14 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,
15 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,
16 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,
17 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of
18 Fillmore in January 1993.

19 (14) Any loss sustained as a result of a fire that occurred in the
20 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
21 Diego, and Ventura, during October or November of 1993, or any
22 other related casualty.

23 (15) Any loss sustained as a result of the earthquake, aftershocks,
24 or any other related casualty that occurred in the Counties of Los
25 Angeles, Orange, and Ventura on or after January 17, 1994.

26 (16) Any loss sustained as a result of a fire that occurred in the
27 County of San Luis Obispo during August of 1994, or any other
28 related casualty.

29 (17) Any loss sustained as a result of the storms or flooding
30 occurring in 1995, or any other related casualty, sustained in any
31 county of this state subject to a disaster declaration with respect
32 to the storms and flooding.

33 (18) Any loss sustained as a result of the storms or flooding
34 occurring in December 1996 or January 1997, or any related
35 casualty, sustained in any county of this state subject to a disaster
36 declaration with respect to the storms or flooding.

37 (19) Any loss sustained as a result of the storms or flooding
38 occurring in February 1998, or any related casualty, sustained in
39 any county of this state subject to a disaster declaration with respect
40 to the storms or flooding.

1 (20) Any loss sustained as a result of a freeze occurring in the
2 winter of 1998–99, or any related casualty, sustained in any county
3 of this state subject to a disaster declaration with respect to the
4 freeze.

5 (21) Any loss sustained as a result of an earthquake occurring
6 in September 2000, that was included in the Governor’s
7 proclamation of a state of emergency for the County of Napa.

8 (22) Any loss sustained as a result of the Middle River levee
9 break in San Joaquin County occurring in June 2004.

10 (23) Any losses sustained as a result of the fires that occurred
11 in the Counties of Los Angeles, Riverside, San Bernardino, San
12 Diego, and Ventura in October and November 2003, or as a result
13 of floods, mudflows, and debris flows, directly related to fires.

14 (24) Any losses sustained in the Counties of Santa Barbara and
15 San Luis Obispo as a result of the San Simeon earthquake,
16 aftershocks, and any other related casualties.

17 (25) Any losses sustained as a result of the wildfires that
18 occurred in Shasta County, commencing August 11, 2004, and
19 any other related casualty.

20 (26) Any loss sustained in the Counties of Kern, Los Angeles,
21 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,
22 and Ventura as a result of the severe rainstorms, related flooding
23 and slides, and any other related casualties, that occurred in
24 December 2004, January 2005, February 2005, March 2005, or
25 June 2005.

26 (27) Any loss sustained in the Counties of Alameda, Alpine,
27 Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El
28 Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin,
29 Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer,
30 Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo,
31 Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus,
32 Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of
33 the severe rainstorms, related flooding and slides, and any other
34 related casualties, that occurred in December 2005, January 2006,
35 March 2006, or April 2006.

36 (28) Any loss sustained in the County of San Bernardino as a
37 result of the wildfires that occurred in July 2006.

38 (29) Any loss sustained in the Counties of Riverside and Ventura
39 as a result of wildfires that occurred during the 2006 calendar year.

1 (30) Any loss sustained in the Counties of El Dorado, Fresno,
 2 Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San
 3 Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa
 4 Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject
 5 of the Governor’s proclamations of a state of emergency for the
 6 severe freezing conditions that occurred in January 2007.

7 (31) Any loss sustained in the County of El Dorado as a result
 8 of wildfires that occurred in June 2007.

9 (32) Any loss sustained in the Counties of Santa Barbara and
 10 Ventura as a result of the Zaca Fire that occurred during the 2007
 11 calendar year.

12 (33) *Any loss sustained in the County of Santa Barbara as a*
 13 *result of wildfires that commenced in July 2008.*

14 (b) (1) In the case of any loss allowed under Section 165 of the
 15 Internal Revenue Code, relating to losses, any excess disaster loss
 16 shall be carried forward to each of the five taxable years following
 17 the taxable year for which the loss is claimed. However, if there
 18 is any excess disaster loss remaining after the five-year period,
 19 then the applicable percentage, as set forth in paragraph (1) of
 20 subdivision (b) of Section 24416, of that excess disaster loss shall
 21 be carried forward to each of the next 10 taxable years.

22 (2) The entire amount of any excess disaster loss as defined in
 23 subdivision (c) shall be carried to the earliest of the taxable years
 24 to which, by reason of subdivision (b), the loss may be carried.
 25 The portion of the loss which shall be carried to each of the other
 26 taxable years shall be the excess, if any, of the amount of excess
 27 disaster loss over the sum of the net income for each of the prior
 28 taxable years to which that excess disaster loss is carried.

29 (c) “Excess disaster loss” means a disaster loss computed
 30 pursuant to Section 165 of the Internal Revenue Code, which
 31 exceeds the net income of the year of loss or, if the election under
 32 Section 165(i) of the Internal Revenue Code is made, the net
 33 income of the year preceding the loss.

34 (d) The provisions of this section and Section 165(i) of the
 35 Internal Revenue Code shall be applicable to any of the losses
 36 listed in subdivision (a) sustained in any county or city in this state
 37 which was proclaimed by the Governor to be in a state of disaster.

38 (e) Any corporation subject to the provisions of Section 25101
 39 or 25101.15 that has disaster losses pursuant to this section, shall
 40 determine the excess disaster loss to be carried to other taxable

1 years under the principles specified in Section 25108 relating to
2 net operating losses.

3 (f) Losses allowable under this section may not be taken into
4 account in computing a net operating loss deduction under Section
5 172 of the Internal Revenue Code.

6 (g) For losses described in paragraphs (15) to ~~(32)~~ (33),
7 inclusive, of subdivision (a), the election under Section 165(i) of
8 the Internal Revenue Code may be made on a return or amended
9 return filed on or before the due date of the return (determined
10 with regard to extension) for the taxable year in which the disaster
11 occurred.

12 *SEC. 7. It is the intent of the Legislature to provide in the*
13 *annual Budget Act those additional reimbursements to local*
14 *governments that, as a result of Section 4 of this act, are required*
15 *by Section 25 of Article XIII of the California Constitution.*

16 *SEC. 8. The Legislature finds and declares that this act fulfills*
17 *a statewide public purpose because of all of the following:*

18 (a) *The Governor of California has officially proclaimed a state*
19 *of emergency declaring that the wildfires that occurred within the*
20 *County of Santa Barbara, commencing in July 2008, constitute*
21 *conditions of extreme peril to public health and safety to persons*
22 *and property within that county, thus qualifying affected persons*
23 *for various forms of governmental assistance and relief.*

24 (b) *This act is consistent with, and supplements, the proclaimed*
25 *disaster assistance and relief by providing necessary fiscal*
26 *assistance and tax relief to affected jurisdictions and persons to*
27 *allow them to maintain essential basic services and repair damage*
28 *to, and restore, their homes and businesses.*

29 *SEC. 9. If the Commission on State Mandates determines that*
30 *this act contains costs mandated by the state, reimbursement to*
31 *local agencies and school districts for those costs shall be made*
32 *pursuant to Part 7 (commencing with Section 17500) of Division*
33 *4 of Title 2 of the Government Code.*

34 *SEC. 10. This act is an urgency statute necessary for the*
35 *immediate preservation of the public peace, health, or safety within*
36 *the meaning of Article IV of the Constitution and shall go into*
37 *immediate effect. The facts constituting the necessity are:*

38 *In order to timely provide essential relief to those persons and*
39 *jurisdictions who have suffered damage or loss as a result of the*
40 *wildfires that occurred within the County of Santa Barbara,*

1 *commencing in July 2008, that were the subject of the Governor's*
2 *proclamation of a state of emergency, it is necessary that this act*
3 *take effect immediately.*

4 ~~SECTION 1. The Legislature finds and declares all of the~~
5 ~~following:~~

6 ~~(a) The Highway Safety, Traffic Reduction, Air Quality, and~~
7 ~~Port Security Bond Act of 2006 authorizes three billion one~~
8 ~~hundred million dollars (\$3,100,000,000) to be deposited in the~~
9 ~~California Ports Infrastructure, Security, and Air Quality~~
10 ~~Improvement Account. The money in the account is available,~~
11 ~~upon appropriation by the Legislature, and subject to the conditions~~
12 ~~and criteria as the Legislature may provide by statute, as follows:~~

13 ~~(1) Two billion dollars (\$2,000,000,000) transferred to the Trade~~
14 ~~Corridors Improvement Fund for infrastructure improvements~~
15 ~~along federally designated "Trade Corridors of National~~
16 ~~Significance" in the state or along other corridors within the state~~
17 ~~that have a high volume of freight movement.~~

18 ~~(2) One billion dollars (\$1,000,000,000) to the State Air~~
19 ~~Resources Board for emission reductions, not otherwise required~~
20 ~~by law or regulation, from activities related to freight along~~
21 ~~California's trade corridors.~~

22 ~~(b) It is the intent of the Legislature to ensure that goods~~
23 ~~movement infrastructure projects, public health and environmental~~
24 ~~mitigation efforts, and community impact mitigation actions be~~
25 ~~implemented in an integrated manner.~~

26 ~~SEC. 2. Section 8879.24.5 is added to the Government Code,~~
27 ~~to read:~~

28 ~~8879.24.5. (a) A project eligible for funds pursuant to~~
29 ~~subparagraph (A) of paragraph (1) of subdivision (c) of Section~~
30 ~~8879.23 shall receive funding priority if the project accomplishes~~
31 ~~all of the following in the trade corridor where the project is~~
32 ~~located:~~

33 ~~(1) Enhances system efficiency and predictability.~~

34 ~~(2) Significantly improves regional mobility and safety,~~
35 ~~especially in heavily congested areas.~~

36 ~~(3) Significantly reduces diesel particulate emissions and oxides~~
37 ~~of nitrogen in the trade corridor where the project is located,~~
38 ~~particularly in communities disproportionately impacted by goods~~
39 ~~movement.~~

1 ~~(b) The California Transportation Commission shall coordinate~~
2 ~~with the State Air Resources Board for technical assistance in~~
3 ~~evaluating project applications for review of emission reduction~~
4 ~~data and air quality benefits.~~

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