

AMENDED IN ASSEMBLY JANUARY 7, 2008

AMENDED IN ASSEMBLY APRIL 10, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 1012

Introduced by Assembly Member Charles Calderon

February 22, 2007

An act to ~~add and repeal Section 726~~ *amend Section 276* of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1012, as amended, Charles Calderon. ~~Oil and gas deposits: property tax assessments.~~ *Property tax exemption: disabled veterans.*

Existing property tax law provides, pursuant to the authorization of the California Constitution, for the exemption from property taxation of specified amounts of the assessed value of the home of a disabled veteran, or a veteran's spouse in the case in which the person has, as a result of a service-connected disease or injury, died while on active duty in military service.

This bill would correct an erroneous cross-reference and remove obsolete references to prior exemption amounts.

~~The California Constitution provides that all real property is taxable unless exempted pursuant to the California Constitution or federal law. Existing state property tax regulations specify that the right to remove petroleum and natural gas from the earth is a taxable real property interest. Existing law imposes an annual charge on a person operating an oil or gas well, or owning royalty or other interests in the well, based on the production of the well during the preceding year. The moneys collected from these charges are used to supervise and protect deposits~~

of oil and gas in the state, and are available upon appropriation by the Legislature.

~~This bill would require the Division of Oil, Gas, and Geothermal Resources in the Department of Conservation and the State Board of Equalization to jointly conduct 2 specified annual oil and gas price studies that may be used by counties when determining the value of oil and gas properties for property taxation purposes. This bill would require the board to be the lead agency on the studies, but would require the board to consult with the division regarding the studies. This bill would also require that specified portions of the studies be published for the general public on or before each March 1. This bill would specify that the cost of the studies would be funded from the proceeds of the annual charges on oil and gas producers. These provisions would be repealed January 1, 2010, unless later legislation extends that repeal date.~~

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

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

1 SECTION 1. Section 276 of the Revenue and Taxation Code
2 is amended to read:

3 276. (a) Except as otherwise provided by subdivision (b), for
4 property for which the disabled veterans' exemption described in
5 Section 205.5 was available, but for which a timely claim was not
6 filed, a partial exemption shall be applied in accordance with
7 whichever of the following is applicable:

8 (1) Ninety percent of any tax, including any interest or penalty
9 thereon, levied upon that portion of the assessed value of the
10 property that would have been exempt under a timely and
11 appropriate claim shall be canceled or refunded, provided that an
12 appropriate claim for exemption is filed after 5 p.m. on February
13 15 of the calendar year in which the fiscal year begins but on or
14 before the following December 10.

15 (2) If an appropriate claim for exemption is filed after the time
16 period specified in paragraph (1), 85 percent of that portion of any
17 tax, including any interest or penalty thereon, that was levied upon
18 that portion of the assessed value of the property that would have
19 been exempt under a timely and appropriate claim, shall be
20 canceled or refunded. Cancellations made under this paragraph
21 are subject to the provisions of Article 1 (commencing with Section

1 ~~4895) 4985)~~ of Chapter 4. Refunds issued under this paragraph
2 are subject to the limitations periods on refunds as described in
3 Article 1 (commencing with Section 5096) of Chapter 5.

4 (b) ~~If a late filed claim for the sixty-thousand-dollar (\$60,000)~~
5 ~~exemption is filed in conjunction with a timely filed claim for the~~
6 ~~forty-thousand-dollar (\$40,000) exemption, or if a late filed claim~~
7 ~~for the one-hundred-fifty-thousand-dollar (\$150,000) exemption~~
8 ~~is filed in conjunction with a timely filed claim for the~~
9 ~~one-hundred-thousand-dollar (\$100,000) exemption, the amount~~
10 ~~of any exemption allowed under the late-filed claim under~~
11 ~~subdivision (a) shall be determined on the basis of that portion of~~
12 ~~the exemption amount, otherwise available under subdivision (a),~~
13 ~~that exceeds forty thousand dollars (\$40,000) or one hundred~~
14 ~~thousand dollars (\$100,000), as applicable.~~

15 (c) For those claims filed pursuant to subdivision (a) after
16 November 15, the exemption under that subdivision may be applied
17 to the second installment. If that exemption is so applied, the first
18 installment is still delinquent on December 10, and is subject to
19 delinquent penalties provided for in this division if that installment
20 is not timely paid. A refund shall be made to the taxpayer upon a
21 claim submitted to the auditor if the exemption is applied to the
22 second installment and either of the following is true:

23 (1) Both installments are paid on or before December 10.

24 (2) The reduction in taxes resulting from the exemption exceeds
25 the amount of taxes due on the second installment.

26 ~~SECTION 1.— Section 726 is added to the Revenue and Taxation~~
27 ~~Code, to read:~~

28 ~~726. (a) (1) On or before March 1, 2008, and on or before~~
29 ~~March 1, 2009, the board and the division shall jointly conduct~~
30 ~~each of the following two studies, which may be used by counties~~
31 ~~in the annual fair market appraisals of petroleum property for~~
32 ~~property taxation purposes:~~

33 ~~(A) The first study shall be an annual oil and natural gas market~~
34 ~~price lien date forecast. The forecast shall include the lien date~~
35 ~~price of crude oil and natural gas, the regional posting price~~
36 ~~differentials for each field, and the projected market crude oil and~~
37 ~~natural gas prices for the next 20 years.~~

38 ~~(B) The second study shall be an annual discount rate study~~
39 ~~used to implement subdivision (g) of Section 8 of Title 16 of the~~

1 ~~California Code of Regulations and Section 468 of Title 16 of the~~
2 ~~California Code of Regulations.~~
3 ~~(2) On or before March 1, 2008, and on or before March 1,~~
4 ~~2009, the board shall publish, for the general public, a summary~~
5 ~~of the results of the annual studies that includes the conclusions~~
6 ~~of the studies, the assumptions supporting those conclusions, and~~
7 ~~a glossary of the definitions and terms used in the studies.~~
8 ~~(b) The board shall be the lead agency conducting the studies,~~
9 ~~but shall consult with the division regarding the studies.~~
10 ~~(c) The board may hire a third-party consultant or have a~~
11 ~~qualified board employee perform the studies.~~
12 ~~(d) The studies shall be funded from proceeds of the charge~~
13 ~~imposed on oil and gas production pursuant to Sections 3402 and~~
14 ~~3403 of the Public Resources Code. Only expenses directly related~~
15 ~~to the studies may be reimbursed to the board or the division, in~~
16 ~~addition to a maximum 14 percent administrative charge by each~~
17 ~~agency.~~
18 ~~(e) For purposes of this section, “division” means the Division~~
19 ~~of Oil, Gas, and Geothermal Resources in the Department of~~
20 ~~Conservation.~~
21 ~~(f) This section shall remain in effect only until January 1, 2010,~~
22 ~~and as of that date is repealed, unless a later enacted statute, that~~
23 ~~is enacted before January 1, 2010, deletes or extends that date.~~