

ASSEMBLY BILL

No. 1759

**Introduced by Assembly Members DeVore and Spitzer
(Coauthors: Assembly Members Adams, Anderson, Cook, Garrick,
Horton, Jeffries, La Malfa, Plescia, Smyth, Strickland, and
Walters)**

January 7, 2008

An act to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.128, 195.129, and 195.130 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 1759, as introduced, DeVore. 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 Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura, which were declared by the Governor to be in a state of emergency due to the wildfires that occurred during the 2007 calendar year.

By requiring moneys continuously appropriated from the Special Fund for Economic Uncertainties to be allocated for the new purpose of reimbursing these counties 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 provide that any dwelling that qualified for the exemption prior to the commencement dates, as listed in the Governor's proclamations during the 2007 calendar year, that was damaged or destroyed by the wildfires in the Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura, and that has not changed ownership since the commencement dates, as listed in the Governor's proclamations of 2007, 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 Counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura as a result of the wildfires, proclaimed by the Governor to be in a state of emergency, that occurred during the 2007 calendar year. 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.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 195.128 is added to the Revenue and
2 Taxation Code, to read:
3 195.128. (a) By September 30, 2008, the auditors of the
4 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
5 Diego, Santa Barbara, and Ventura, which were the subject of the
6 Governor’s proclamation of a state of emergency during the 2007
7 calendar year, shall certify to the Director of Finance an estimate
8 of the total amount of the reduction in property tax revenues on
9 both the regular secured roll and the supplemental roll for the
10 2008–09 fiscal year resulting from the reassessment by the county
11 assessor pursuant to paragraph (1) of subdivision (a) of Section
12 170 of those properties that are eligible properties as a result of
13 those disasters, except that the amount certified shall not include
14 any estimated property tax revenue reductions to school districts,
15 other than basic state aid school districts, and county offices of
16 education.
17 (b) For purposes of this section, “basic state aid school district”
18 means any school district that does not receive a state
19 apportionment pursuant to subdivision (h) of Section 42238 of the
20 Education Code, but receives from the state only a basic
21 apportionment pursuant to Section 6 of Article IX of the California
22 Constitution.

SEC. 2. Section 195.129 is added to the Revenue and Taxation Code, to read:

195.129. After the county auditor of the eligible county, as described in Section 195.128, has made the applicable certification to the Director of Finance pursuant to that section, the director shall within 30 days after verification of the county auditor's estimate, certify this amount to the Controller for allocation to the county. Upon receipt of certification from the Director of Finance, the Controller shall make the appropriate allocation to the county within 10 working days.

SEC. 3. Section 195.130 is added to the Revenue and Taxation Code, to read:

195.130. (a) On or before June 30, 2009, the eligible county, as described in Section 195.128, shall compute and remit to the Controller for deposit in the General Fund an amount equal to the amount allocated to it by the Controller pursuant to Section 195.129, less the actual amount of its property tax revenue lost on the regular secured and supplemental rolls with respect to those eligible properties described in Section 195.128 as a result of the reassessment of those properties pursuant to paragraph (1) of subdivision (a) of Section 170, excluding any property tax revenue lost by school districts, other than basic state aid school districts, and county offices of education. If the actual amount of property tax revenue lost by an eligible county in the immediately preceding fiscal year, as described and limited in the preceding sentence, exceeds the amount allocated by the Controller to that county pursuant to Section 195.129, the Controller shall allocate the amount of that excess to that eligible county.

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

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

218. (a) The homeowners' property tax exemption is in the amount of the assessed value of the dwelling specified in this section, as authorized by subdivision (k) of Section 3 of Article

1 XIII of the Constitution. That exemption shall be in the amount
2 of seven thousand dollars (\$7,000) of the full value of the dwelling.

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

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

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

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

16 (B) "Dwelling" includes the following:

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

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

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

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

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

1 (e) Any dwelling that qualified for an exemption under this
2 section prior to October 15, 2003, that was damaged or destroyed
3 by fire or earthquake in a disaster, as declared by the Governor,
4 during October, November, or December 2003, and that has not
5 changed ownership since October 15, 2003, shall not be
6 disqualified as a “dwelling” or be denied an exemption under this
7 section solely on the basis that the dwelling was temporarily
8 damaged or destroyed or was being reconstructed by the owner.

9 (f) Any dwelling that qualified for an exemption under this
10 section prior to June 3, 2004, that was damaged or destroyed by
11 flood in a disaster, as declared by the Governor, during June 2004,
12 and that has not changed ownership since June 3, 2004, shall not
13 be disqualified as a “dwelling” or be denied an exemption under
14 this section solely on the basis that the dwelling was temporarily
15 damaged or destroyed or was being reconstructed by the owner.

16 (g) Any dwelling that qualified for an exemption under this
17 section prior to August 11, 2004, that was damaged or destroyed
18 by the wildfires and any other related casualty that occurred in
19 Shasta County in a disaster, as declared by the Governor, during
20 August 2004, and that has not changed ownership since August
21 11, 2004, shall not be disqualified as a “dwelling” or be denied an
22 exemption under this section solely on the basis that the dwelling
23 was temporarily damaged or destroyed or was being reconstructed
24 by the owner.

25 (h) Any dwelling that qualified for an exemption under this
26 section prior to December 28, 2004, that was damaged or destroyed
27 by severe rainstorms, floods, mudslides, or the accumulation of
28 debris in a disaster, as declared by the Governor, during December
29 2004, January 2005, February 2005, March 2005, or June 2005,
30 and that has not changed ownership since December 28, 2004,
31 shall not be disqualified as a “dwelling” or be denied an exemption
32 under this section solely on the basis that the dwelling was
33 temporarily damaged or destroyed or was being reconstructed by
34 the owner, or was temporarily uninhabited as a result of restricted
35 access to the property due to floods, mudslides, the accumulation
36 of debris, or washed-out or damaged roads.

37 (i) Any dwelling that qualified for an exemption under this
38 section prior to December 19, 2005, that was damaged or destroyed
39 by severe rainstorms, floods, mudslides, or the accumulation of
40 debris in a disaster, as declared by the Governor in January 2006,

1 April 2006, May 2006, or June 2006, and that has not changed
2 ownership since December 19, 2005, shall not be disqualified as
3 a “dwelling” or be denied an exemption under this section solely
4 on the basis that the dwelling was temporarily damaged or
5 destroyed or was being reconstructed by the owner, or was
6 temporarily uninhabited as a result of restricted access to the
7 property due to floods, mudslides, the accumulation of debris, or
8 washed-out or damaged roads.

9 (j) Any dwelling that qualified for an exemption under this
10 section prior to July 9, 2006, that was damaged or destroyed by
11 the wildfires and any other related casualty that occurred in the
12 County of San Bernardino, as declared by the Governor in July
13 2006, and that has not changed ownership since July 9, 2006, shall
14 not be disqualified as a “dwelling” or be denied an exemption
15 under this section solely on the basis that the dwelling was
16 temporarily damaged or destroyed or was being reconstructed by
17 the owner, or was temporarily uninhabited as a result of restricted
18 access to the property due to the wildfires.

19 (k) Any dwelling that qualified for an exemption under this
20 section prior to the commencement dates of the wildfires listed in
21 the Governor’s proclamations of 2006 that was damaged or
22 destroyed by the wildfires and any other related casualty that
23 occurred in the Counties of Riverside and Ventura, and that has
24 not changed ownership since the commencement dates of these
25 disasters as listed in the Governor’s proclamations of 2006 shall
26 not be disqualified as a “dwelling” or be denied an exemption
27 under this section solely on the basis that the dwelling was
28 temporarily damaged or destroyed or was being reconstructed by
29 the owner, or was temporarily uninhabited as a result of restricted
30 access to the property due to the wildfires.

31 (l) Any dwelling that qualified for an exemption under this
32 section prior to January 11, 2007, that was damaged or destroyed
33 by severe freezing conditions, commencing January 11, 2007, and
34 any other related casualty that occurred in the Counties of El
35 Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey,
36 Riverside, San Bernardino, San Diego, San Luis Obispo, Santa
37 Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a
38 result of a disaster as declared by the Governor, and that has not
39 changed ownership since January 11, 2007, shall not be disqualified
40 as a “dwelling” or be denied an exemption under this section solely

1 on the basis that the dwelling was temporarily damaged or
2 destroyed or was being reconstructed by the owner, or was
3 temporarily uninhabited as a result of restricted access to the
4 property due to severe freezing conditions.

5 (m) Any dwelling that qualified for an exemption under this
6 section prior to June 24, 2007, that was damaged or destroyed by
7 the wildfires and any other related casualty that occurred as a result
8 of this disaster in the County of El Dorado, as declared by the
9 Governor in June 2007, and that has not changed ownership since
10 June 24, 2007, shall not be disqualified as a “dwelling” or be denied
11 an exemption under this section solely on the basis that the
12 dwelling was temporarily damaged or destroyed or was being
13 reconstructed by the owner, or was temporarily uninhabited as a
14 result of restricted access to the property due to the wildfires.

15 (n) Any dwelling that qualified for an exemption under this
16 section prior to July 4, 2007, that was damaged or destroyed by
17 the Zaca Fire and any other related casualty that occurred as a
18 result of this disaster in the Counties of Santa Barbara and Ventura,
19 as declared by the Governor in August 2007, and that has not
20 changed ownership since July 4, 2007, may not be denied an
21 exemption solely on the basis that the dwelling was temporarily
22 damaged or destroyed or was being reconstructed by the owner,
23 or was temporarily uninhabited as a result of restricted access to
24 the property due to the Zaca Fire.

25 (o) *Any dwelling that qualified for an exemption under this*
26 *section prior to the commencement dates of the wildfires listed in*
27 *the Governor’s proclamations of 2007 that was damaged or*
28 *destroyed by the wildfires and any other related casualty that*
29 *occurred in the Counties of Los Angeles, Orange, Riverside, San*
30 *Bernardino, San Diego, Santa Barbara, and Ventura, and that has*
31 *not changed ownership since the commencement dates of these*
32 *disasters as listed in the Governor’s proclamations of 2007 shall*
33 *not be disqualified as a “dwelling” or be denied an exemption*
34 *under this section solely on the basis that the dwelling was*
35 *temporarily damaged or destroyed or was being reconstructed by*
36 *the owner, or was temporarily uninhabited as a result of restricted*
37 *access to the property due to the wildfires.*

38 (p)

39 (p) 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. 5. Section 17207 of the Revenue and Taxation Code is
4 amended to read:

5 17207. (a) An excess disaster loss, as defined in subdivision
6 (c), shall be carried to other taxable years as provided in
7 subdivision (b), with respect to losses resulting from any of the
8 following disasters:

9 (1) Forest fire or any other related casualty occurring in 1985
10 in California.

11 (2) Storm, flooding, or any other related casualty occurring in
12 1986 in California.

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

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

17 (5) Earthquake, aftershock, or any other related casualty
18 occurring in 1989 in California.

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

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

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

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

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

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

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

36 (13) Any loss sustained as a result of storm, flooding, or any
37 other related casualty that occurred in the Counties of Alpine,
38 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,
39 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,
40 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,

1 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of
2 Fillmore in January 1993.

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

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

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

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

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

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

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

29 (21) Any loss sustained as a result of an earthquake occurring
30 in September 2000, that was included in the Governor's
31 proclamation of a state of emergency for the County of Napa.

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

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

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

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

4 (26) Any loss sustained in the Counties of Kern, Los Angeles,
5 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,
6 and Ventura as a result of the severe rainstorms, related flooding
7 and slides, and any other related casualties, that occurred in
8 December 2004, January 2005, February 2005, March 2005, or
9 June 2005.

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

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

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

24 (30) Any loss sustained in the Counties of El Dorado, Fresno,
25 Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San
26 Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa
27 Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject
28 of the Governor's proclamations of a state of emergency for the
29 severe freezing conditions that occurred in January 2007.

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

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

35 (33) *Any loss sustained in the Counties of Los Angeles, Orange,*
36 *Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura*
37 *as a result of wildfires that occurred during the 2007 calendar*
38 *year that were the subject of the Governor's proclamation of a*
39 *state of emergency.*

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

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

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

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

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

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

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

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

1 24347.5. (a) An excess disaster loss, as defined in subdivision
2 (c), shall be carried to other taxable years as provided in
3 subdivision (b), with respect to losses resulting from any of the
4 following disasters:

5 (1) Forest fire or any other related casualty occurring in 1985
6 in California.

7 (2) Storm, flooding, or any other related casualty occurring in
8 1986 in California.

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

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

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

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

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

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

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

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

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

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

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

39 (14) Any loss sustained as a result of a fire that occurred in the
40 Counties of Los Angeles, Orange, Riverside, San Bernardino, San

1 Diego, and Ventura, during October or November of 1993, or any
2 other related casualty.

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

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

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

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

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

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

25 (21) Any loss sustained as a result of an earthquake occurring
26 in September 2000, that was included in the Governor's
27 proclamation of a state of emergency for the County of Napa.

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

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

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

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

1 (26) Any loss sustained in the Counties of Kern, Los Angeles,
2 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,
3 and Ventura as a result of the severe rainstorms, related flooding
4 and slides, and any other related casualties, that occurred in
5 December 2004, January 2005, February 2005, March 2005, or
6 June 2005.

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

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

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

21 (30) Any loss sustained in the Counties of El Dorado, Fresno,
22 Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San
23 Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa
24 Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject
25 of the Governor's proclamations of a state of emergency for the
26 severe freezing conditions that occurred in January 2007.

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

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

32 (33) *Any loss sustained in the Counties of Los Angeles, Orange,*
33 *Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura*
34 *as a result of wildfires that occurred during the 2007 calendar*
35 *year that were the subject of the Governor's proclamation of a*
36 *state of emergency.*

37 (b) (1) In the case of any loss allowed under Section 165 of the
38 Internal Revenue Code, relating to losses, any excess disaster loss
39 shall be carried forward to each of the five taxable years following
40 the taxable year for which the loss is claimed. However, if there

1 is any excess disaster loss remaining after the five-year period,
2 then the applicable percentage, as set forth in paragraph (1) of
3 subdivision (b) of Section 24416, of that excess disaster loss shall
4 be carried forward to each of the next 10 taxable years.

5 (2) The entire amount of any excess disaster loss as defined in
6 subdivision (c) shall be carried to the earliest of the taxable years
7 to which, by reason of subdivision (b), the loss may be carried.
8 The portion of the loss which shall be carried to each of the other
9 taxable years shall be the excess, if any, of the amount of excess
10 disaster loss over the sum of the net income for each of the prior
11 taxable years to which that excess disaster loss is carried.

12 (c) "Excess disaster loss" means a disaster loss computed
13 pursuant to Section 165 of the Internal Revenue Code, which
14 exceeds the net income of the year of loss or, if the election under
15 Section 165(i) of the Internal Revenue Code is made, the net
16 income of the year preceding the loss.

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

21 (e) Any corporation subject to the provisions of Section 25101
22 or 25101.15 that has disaster losses pursuant to this section, shall
23 determine the excess disaster loss to be carried to other taxable
24 years under the principles specified in Section 25108 relating to
25 net operating losses.

26 (f) Losses allowable under this section may not be taken into
27 account in computing a net operating loss deduction under Section
28 172 of the Internal Revenue Code.

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

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

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

1 (a) The Governor of California has officially proclaimed a state
2 of emergency declaring that the wildfires that occurred within the
3 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
4 Diego, Santa Barbara, and Ventura during the 2007 calendar year
5 constitute conditions of extreme peril to public health and safety
6 to persons and property within those counties, thus qualifying
7 affected persons for various forms of governmental assistance and
8 relief.

9 (b) This act is consistent with, and supplements, the proclaimed
10 disaster assistance and relief by providing necessary fiscal
11 assistance and tax relief to affected jurisdictions and persons to
12 allow them to maintain essential basic services and repair damage
13 to, and restore, their homes and businesses.

14 SEC. 9. If the Commission on State Mandates determines that
15 this act contains costs mandated by the state, reimbursement to
16 local agencies and school districts for those costs shall be made
17 pursuant to Part 7 (commencing with Section 17500) of Division
18 4 of Title 2 of the Government Code.

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

23 In order to timely provide essential relief to those persons and
24 jurisdictions who have suffered damage or loss as a result of the
25 wildfires that occurred within the Counties of Los Angeles, Orange,
26 Riverside, San Bernardino, San Diego, Santa Barbara, and Ventura
27 during the 2007 calendar year, it is necessary that this act take
28 effect immediately.