

Introduced by Senator BattinDecember 11, 2006

An act to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.110, 195.111, and 195.112 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

SB 38, as introduced, Battin. 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 Riverside, which was declared by the Governor to be in a state of emergency due to wildfires that occurred in October 2006.

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 October 26, 2006, that was damaged or destroyed by the wildfires in the County of Riverside, as declared by the Governor in October 2006, and that has not changed ownership since October 26, 2006, 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 Riverside as a result of the wildfires that occurred in October 2006. 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 195.110 is added to the Revenue and
2 Taxation Code, to read:

3 195.110. (a) By September 30, 2007, the auditors of the County
4 of Riverside, which was the subject of the Governor’s proclamation
5 of a state of emergency for the wildfires that commenced on
6 October 26, 2006, shall certify to the Director of Finance an
7 estimate of the total amount of the reduction in property tax
8 revenues on both the regular secured roll and the supplemental
9 roll for the 2006–07 fiscal year resulting from the reassessment
10 by the county assessor pursuant to paragraph (1) of subdivision
11 (a) of Section 170 of those properties that are eligible properties
12 as a result of that disaster, except that the amount certified shall
13 not include any estimated property tax revenue reductions to school
14 districts, other than basic state aid school districts, and county
15 offices of 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 195.111 is added to the Revenue and Taxation
23 Code, to read:

24 195.111. After the county auditor of an eligible county, as
25 described in Section 195.110, 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 195.112 is added to the Revenue and Taxation
33 Code, to read:

1 195.112. (a) On or before June 30, 2008, each eligible county,
2 as described in Section 195.110, shall compute and remit to the
3 Controller for deposit in the General Fund an amount equal to the
4 amount allocated to it by the Controller pursuant to Section
5 195.111, less the actual amount of its property tax revenue lost on
6 the regular secured and supplemental rolls with respect to those
7 eligible properties described in Section 195.110 as a result of the
8 reassessment of those properties pursuant to paragraph (1) of
9 subdivision (a) of Section 170, excluding any property tax revenue
10 lost by school districts, other than basic state aid school districts,
11 and county offices of education. If the actual amount of property
12 tax revenue lost by an eligible county in the immediately preceding
13 fiscal year, as described and limited in the preceding sentence,
14 exceeds the amount allocated by the Controller to that county
15 pursuant to Section 195.108, the Controller shall allocate the
16 amount of that excess to that eligible county.

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.

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

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

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

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

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

39 (2) (A) “Dwelling” means a building, structure, or other shelter
40 constituting a place of abode, whether real property or personal

1 property, and any land on which it may be situated. A two-dwelling
2 unit shall be considered as two separate single-family dwellings.

3 (B) “Dwelling” includes the following:

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

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

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

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

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

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

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

1 this section solely on the basis that the dwelling was temporarily
2 damaged or destroyed or was being reconstructed by the owner.

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

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

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

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

1 not be disqualified as a “dwelling” or be denied an exemption
2 under this section solely on the basis that the dwelling was
3 temporarily damaged or destroyed or was being reconstructed by
4 the owner, or was temporarily uninhabited as a result of restricted
5 access to the property due to the wildfires.

6 (k) *Any dwelling that qualified for an exemption under this*
7 *section prior to October 26, 2006, that was damaged or destroyed*
8 *by the wildfires and any other related casualty that occurred in*
9 *the County of Riverside, as declared by the Governor in October*
10 *2006, and that has not changed ownership since October 26, 2006,*
11 *shall 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) The exemption provided for in subdivision (k) of Section 3
17 of Article XIII of the Constitution shall first be applied to the
18 building, structure, or other shelter and the excess, if any, shall be
19 applied to any land on which it may be located.

20 SEC. 5. Section 17207 of the Revenue and Taxation Code is
21 amended to read:

22 17207. (a) An excess disaster loss, as defined in subdivision
23 (c), shall be carried to other taxable years as provided in
24 subdivision (b), with respect to losses resulting from any of the
25 following disasters:

26 (1) Forest fire or any other related casualty occurring in 1985
27 in California.

28 (2) Storm, flooding, or any other related casualty occurring in
29 1986 in California.

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

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

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

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

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

- 1 (8) Any loss sustained as a result of storm, flooding, or any
2 other related casualty occurring in February 1992 in California.
- 3 (9) Earthquake, aftershock, or any other related casualty
4 occurring in April 1992 in the County of Humboldt.
- 5 (10) Riots, arson, or any other related casualty occurring in
6 April or May 1992 in California.
- 7 (11) Any loss sustained as a result of the earthquakes that
8 occurred in the County of San Bernardino in June and July of 1992,
9 or any other related casualty.
- 10 (12) Any loss sustained as a result of the Fountain Fire that
11 occurred in the County of Shasta, or as a result of either of the
12 fires in the Counties of Calaveras and Trinity that occurred in
13 August 1992, or any other related casualty.
- 14 (13) Any loss sustained as a result of storm, flooding, or any
15 other related casualty that occurred in the Counties of Alpine,
16 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,
17 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,
18 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,
19 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of
20 Fillmore in January 1993.
- 21 (14) Any loss sustained as a result of a fire that occurred in the
22 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
23 Diego, and Ventura, during October or November of 1993, or any
24 other related casualty.
- 25 (15) Any loss sustained as a result of the earthquake, aftershocks,
26 or any other related casualty that occurred in the Counties of Los
27 Angeles, Orange, and Ventura on or after January 17, 1994.
- 28 (16) Any loss sustained as a result of a fire that occurred in the
29 County of San Luis Obispo during August of 1994, or any other
30 related casualty.
- 31 (17) Any loss sustained as a result of the storms or flooding
32 occurring in 1995, or any other related casualty, sustained in any
33 county of this state subject to a disaster declaration with respect
34 to the storms and flooding.
- 35 (18) Any loss sustained as a result of the storms or flooding
36 occurring in December 1996 or January 1997, or any related
37 casualty, sustained in any county of this state subject to a disaster
38 declaration with respect to the storms or flooding.
- 39 (19) Any loss sustained as a result of the storms or flooding
40 occurring in February 1998, or any related casualty, sustained in

1 any county of this state subject to a disaster declaration with respect
2 to the storms or flooding.

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

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

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

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

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

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

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

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

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

1 (29) Any loss sustained in the County of Riverside as a result
2 of wildfires that occurred in October 2006.

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

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

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

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

29 (e) Losses allowable under this section may not be taken into
30 account in computing a net operating loss deduction under Section
31 172 of the Internal Revenue Code.

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

34 (g) For losses described in paragraphs (15) to ~~(28)~~ (29),
35 inclusive, of subdivision (a), the election under Section 165(i) of
36 the Internal Revenue Code may be made on a return or amended
37 return filed on or before the due date of the return (determined
38 with regard to extension) for the taxable year in which the disaster
39 occurred.

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

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

7 (1) Forest fire or any other related casualty occurring in 1985
8 in California.

9 (2) Storm, flooding, or any other related casualty occurring in
10 1986 in California.

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

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

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

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

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

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

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

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

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

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

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

- 1 (14) Any loss sustained as a result of a fire that occurred in the
2 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
3 Diego, and Ventura, during October or November of 1993, or any
4 other related casualty.
- 5 (15) Any loss sustained as a result of the earthquake, aftershocks,
6 or any other related casualty that occurred in the Counties of Los
7 Angeles, Orange, and Ventura on or after January 17, 1994.
- 8 (16) Any loss sustained as a result of a fire that occurred in the
9 County of San Luis Obispo during August of 1994, or any other
10 related casualty.
- 11 (17) Any loss sustained as a result of the storms or flooding
12 occurring in 1995, or any other related casualty, sustained in any
13 county of this state subject to a disaster declaration with respect
14 to the storms and flooding.
- 15 (18) Any loss sustained as a result of the storms or flooding
16 occurring in December 1996 or January 1997, or any related
17 casualty, sustained in any county of this state subject to a disaster
18 declaration with respect to the storms or flooding.
- 19 (19) Any loss sustained as a result of the storms or flooding
20 occurring in February 1998, or any related casualty, sustained in
21 any county of this state subject to a disaster declaration with respect
22 to the storms or flooding.
- 23 (20) Any loss sustained as a result of a freeze occurring in the
24 winter of 1998–99, or any related casualty, sustained in any county
25 of this state subject to a disaster declaration with respect to the
26 freeze.
- 27 (21) Any loss sustained as a result of an earthquake occurring
28 in September 2000, that was included in the Governor's
29 proclamation of a state of emergency for the County of Napa.
- 30 (22) Any loss sustained as a result of the Middle River levee
31 break in San Joaquin County occurring in June 2004.
- 32 (23) Any losses sustained as a result of the fires that occurred
33 in the Counties of Los Angeles, *Riverside*, San Bernardino,
34 ~~Riverside~~, San Diego, and Ventura in October and November 2003,
35 or as a result of floods, mudflows, and debris flows, directly related
36 to fires.
- 37 (24) Any losses sustained in the Counties of Santa Barbara and
38 San Luis Obispo as a result of the San Simeon earthquake,
39 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 County of Riverside as a result*
23 *of the wildfires that occurred in October 2006.*

24 (b) (1) In the case of any loss allowed under Section 165 of the
25 Internal Revenue Code, relating to losses, any excess disaster loss
26 shall be carried forward to each of the five taxable years following
27 the taxable year for which the loss is claimed. However, if there
28 is any excess disaster loss remaining after the five-year period,
29 then the applicable percentage, as set forth in paragraph (1) of
30 subdivision (b) of Section 24416, of that excess disaster loss shall
31 be carried forward to each of the next 10 taxable years.

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

39 (c) "Excess disaster loss" means a disaster loss computed
40 pursuant to Section 165 of the Internal Revenue Code, which

1 exceeds the net income of the year of loss or, if the election under
2 Section 165(i) of the Internal Revenue Code is made, the net
3 income of the year preceding the loss.

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

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

13 (f) Losses allowable under this section may not be taken into
14 account in computing a net operating loss deduction under Section
15 172 of the Internal Revenue Code.

16 (g) For losses described in paragraphs (15) to ~~(28)~~ (29),
17 inclusive, of subdivision (a), the election under Section 165(i) of
18 the Internal Revenue Code may be made on a return or amended
19 return filed on or before the due date of the return (determined
20 with regard to extension) for the taxable year in which the disaster
21 occurred.

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

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

28 (a) The Governor of California has officially proclaimed a state
29 of emergency declaring that the wildfires that occurred within the
30 County of Riverside, commencing on October 26, 2006, constitute
31 conditions of extreme peril to public health and safety to persons
32 and property within that county, thus qualifying affected persons
33 for various forms of governmental assistance and relief.

34 (b) This act is consistent with, and supplements, the proclaimed
35 disaster assistance and relief by providing necessary fiscal
36 assistance and tax relief to affected jurisdictions and persons to
37 allow them to maintain essential basic services and repair damage
38 to, and restore, their homes and businesses.

39 SEC. 9. If the Commission on State Mandates determines
40 that this act contains costs mandated by the state, reimbursement

1 to local agencies and school districts for those costs shall be made
2 pursuant to Part 7 (commencing with Section 17500) of Division
3 4 of Title 2 of the Government Code.

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

8 In order to timely provide essential relief to those persons and
9 jurisdictions who have suffered damage or loss as a result of the
10 wildfires that occurred in the County of Riverside, commencing
11 on October 26, 2006, it is necessary that this act take effect
12 immediately.

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