

AMENDED IN SENATE AUGUST 31, 2010  
AMENDED IN SENATE AUGUST 20, 2010  
AMENDED IN SENATE AUGUST 17, 2010  
AMENDED IN ASSEMBLY APRIL 7, 2010  
AMENDED IN ASSEMBLY MARCH 10, 2010  
CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1662**

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**Introduced by Assembly Members Portantino and Jeffries  
(Coauthor: Assembly Member Adams)**

January 19, 2010

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An act to add Sections ~~170.6, 195.158, 195.159, 195.160,~~ 195.167, 195.168, 195.169, 218.4, 17207.6, and 24347.9 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 1662, as amended, Portantino. 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 and Monterey, which were declared by the Governor to be in a state of emergency due to the wildfires that commenced in August 2009, and within the counties of~~ Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou, which were declared by the Governor to be in a state of emergency due to the severe winter storms that commenced in January 2010.

By requiring moneys continuously appropriated from the Special Fund for Economic Uncertainties to be allocated for the new purpose of reimbursing the Counties of Calaveras, Imperial, Los Angeles, ~~Monterey,~~ Orange, Riverside, San Bernardino, San Francisco, and Siskiyou for these property tax revenue reductions, this bill would make an appropriation.

~~(2) Existing law requires the auditor of a county which was the subject of the Governor's proclamation of a state of emergency to certify to the Director of Finance an estimate of the total reduction in property tax revenues resulting from the reassessment by the county assessor of those properties that are eligible as a result of disasters, and requires the director to verify the county auditor's estimate and certify that amount to the Controller for allocation to the county.~~

~~This bill would prohibit, for any fire disaster occurring after January 1, 2011, the Department of Finance to certify a county auditor's estimate of the total reduction in property tax resulting from the reassessment by the county assessor of eligible properties as a result of those disasters unless the county demonstrates compliance with specified requirements at the time the fire disaster occurred.~~

~~(3)~~

(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 August 26, 2009, that was damaged or destroyed by the wildfires in the County of Los Angeles, and prior to August 27,

2009, that was damaged or destroyed by the wildfires in the County of Monterey, and that has not changed ownership since the commencement dates of those disasters as listed in the proclamations, 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.

This bill would also provide that any dwelling that qualified for the exemption prior to the commencement dates of the severe storms listed in the Governor's proclamations of January 2010, that was damaged or destroyed by the severe rainstorms, heavy snows, floods, or mudslides that occurred in the Counties of Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou, and that has not changed ownership since the commencement dates of those disasters as listed in the proclamations, 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 floods, mudslides, rock slides, or washed-out or damaged roads.

*This bill would also provide that any dwelling that qualified for the exemption prior to August 30, 2009, that was damaged or destroyed by the wildfires in the County of Placer, as declared by the Governor to be in a state of emergency in August 2009, and that has not changed ownership since August 30, 2009, or qualified for the exemption prior to July 26, 2010, that was damaged or destroyed by the wildfires in the County of Kern, as declared by the Governor to be in a state of emergency in July 2010, and that has not changed ownership since July 26, 2010, 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.

(4)

(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 and Monterey, and Placer as a result of the wildfires that commenced in August 2009, *losses sustained in the County of Kern as a result of the wildfires that commenced in July 2010*, and losses sustained in the Counties of Calaveras, Imperial, Los Angeles, Orange, Riverside, San Bernardino, San Francisco, and Siskiyou as a result of the severe winter storms that commenced in January 2010. 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.

(5)

(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 170.6 is added to the Revenue and~~
- 2 ~~Taxation Code, to read:~~
- 3 ~~170.6. For any fire disaster occurring after January 1, 2011,~~
- 4 ~~the Department of Finance shall not certify a county auditor's~~
- 5 ~~estimate of the total amount of the reduction in property tax~~
- 6 ~~revenues resulting from the reassessment by the county assessor~~
- 7 ~~pursuant to paragraph (1) of subdivision (a) of Section 170 of those~~
- 8 ~~properties that are eligible properties as a result of those disasters,~~

1 ~~unless the county demonstrates compliance with all of the~~  
2 ~~following requirements at the time the fire disaster occurred:~~

3 ~~(a) The county had at least one of the following for each state~~  
4 ~~responsibility area within its jurisdiction:~~

5 ~~(1) Its own structural fire protection services.~~

6 ~~(2) A contract providing structural fire protection services by~~  
7 ~~the Department of Forestry and Fire Protection that requires all~~  
8 ~~state costs to provide structural fire protection be included in the~~  
9 ~~contract, including, but not limited to, salaries and wages, benefits,~~  
10 ~~retirement, distributed administrative costs, workers' compensation,~~  
11 ~~equipment, and costs associated with entering into the contract.~~

12 ~~(3) Structural fire protection services from another county, city,~~  
13 ~~special district, or political subdivision of the state, or another~~  
14 ~~entity organized solely to provide fire protection services that are~~  
15 ~~monitored and funded by a county or other public entity.~~

16 ~~(b) The county was in compliance with Chapter 6.8~~  
17 ~~(commencing with Section 51175) of Part 1 of Division 1 of Title~~  
18 ~~5 of the Government Code.~~

19 ~~(c) If a county had land designated as a very high fire hazard~~  
20 ~~severity zone of state responsibility area within its jurisdiction, the~~  
21 ~~county had a fire risk reduction public education program that~~  
22 ~~included, but was not limited to, recommendations for~~  
23 ~~ignition-resistant landscaping, creating and maintaining defensible~~  
24 ~~space around homes and other structures, and ignition-resistant~~  
25 ~~construction principles.~~

26 ~~SEC. 2. Section 195.158 is added to the Revenue and Taxation~~  
27 ~~Code, to read:~~

28 ~~195.158. (a) By October 30, 2010, the auditors of the Counties~~  
29 ~~of Los Angeles and Monterey, which were the subject of the~~  
30 ~~Governor's proclamation of a state of emergency for the wildfires~~  
31 ~~that commenced on August 26, 2009, and August 27, 2009, shall~~  
32 ~~certify to the Director of Finance an estimate of the total amount~~  
33 ~~of the reduction in property tax revenues on both the regular~~  
34 ~~secured roll and the supplemental roll for the 2009-10 fiscal year~~  
35 ~~resulting from the reassessment by the county assessor pursuant~~  
36 ~~to paragraph (1) of subdivision (a) of Section 170 of those~~  
37 ~~properties that are eligible properties as a result of those disasters,~~  
38 ~~except that the amount certified shall not include any estimated~~  
39 ~~property tax revenue reductions to school districts, other than basic~~  
40 ~~state aid school districts, and county offices of education.~~

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

7 SEC. 3. Section 195.159 is added to the Revenue and Taxation  
 8 Code, to read:

9 195.159. After the county auditor of the eligible county, as  
 10 described in Section 195.158, has made the applicable certification  
 11 to the Director of Finance pursuant to that section, the director  
 12 shall, within 30 days after verification of the county auditor’s  
 13 estimate, certify this amount to the Controller for allocation to the  
 14 county. Upon receipt of certification from the Director of Finance,  
 15 the Controller shall make the appropriate allocation to the county  
 16 within 10 working days.

17 SEC. 4. Section 195.160 is added to the Revenue and Taxation  
 18 Code, to read:

19 195.160. (a) On or before June 30, 2011, an eligible county,  
 20 as described in Section 195.158, shall compute and remit to the  
 21 Controller for deposit in the General Fund an amount equal to the  
 22 amount allocated to it by the Controller pursuant to Section  
 23 195.159, less the actual amount of its property tax revenue lost on  
 24 the regular secured and supplemental rolls with respect to those  
 25 eligible properties described in Section 195.158 as a result of the  
 26 reassessment of those properties pursuant to paragraph (1) of  
 27 subdivision (a) of Section 170, excluding any property tax revenue  
 28 lost by school districts, other than basic state aid school districts,  
 29 and county offices of education. If the actual amount of property  
 30 tax revenue lost by an eligible county in the immediately preceding  
 31 fiscal year, as described and limited in the preceding sentence,  
 32 exceeds the amount allocated by the Controller to that county  
 33 pursuant to Section 195.159, the Controller shall allocate the  
 34 amount of that excess to that eligible county.

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

1     ~~SEC. 5.~~

2     ~~SECTION 1.~~ Section 195.167 is added to the Revenue and  
3 Taxation Code, to read:

4     195.167. (a) By October 30, 2010, the auditors of the Counties  
5 of Calaveras, Imperial, Los Angeles, Orange, Riverside, San  
6 Bernardino, San Francisco, and Siskiyou, which were the subject  
7 of the Governor’s proclamations of a state of emergency for the  
8 severe winter storms that commenced in January 2010 that caused  
9 damage by the severe rainstorms, heavy snows, floods, or  
10 mudslides, shall certify to the Director of Finance an estimate of  
11 the total amount of the reduction in property tax revenues on both  
12 the regular secured roll and the supplemental roll for the 2009–10  
13 fiscal year resulting from the reassessment by the county assessor  
14 pursuant to paragraph (1) of subdivision (a) of Section 170 of those  
15 properties that are eligible properties as a result of those disasters,  
16 except that the amount certified shall not include any estimated  
17 property tax revenue reductions to school districts, other than basic  
18 state aid school districts, and county offices of education.

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

25     ~~SEC. 6.~~

26     ~~SEC. 2.~~ Section 195.168 is added to the Revenue and Taxation  
27 Code, to read:

28     195.168. After the county auditor of the eligible county, as  
29 described in Section 195.167, has made the applicable certification  
30 to the Director of Finance pursuant to that section, the director  
31 shall, within 30 days after verification of the county auditor’s  
32 estimate, certify this amount to the Controller for allocation to the  
33 county. Upon receipt of certification from the Director of Finance,  
34 the Controller shall make the appropriate allocation to the county  
35 within 10 working days.

36     ~~SEC. 7.~~

37     ~~SEC. 3.~~ Section 195.169 is added to the Revenue and Taxation  
38 Code, to read:

39     195.169. (a) On or before June 30, 2011, an eligible county,  
40 as described in Section 195.167, shall compute and remit to the

1 Controller for deposit in the General Fund an amount equal to the  
2 amount allocated to it by the Controller pursuant to Section  
3 195.168, 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 195.167 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 195.168, 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. 8.~~

22 *SEC. 4.* Section 218.4 is added to the Revenue and Taxation  
23 Code, to read:

24 218.4. (a) For purposes of this section, all of the following  
25 apply:

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

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

34 (B) “Dwelling” includes the following:

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

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

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

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

11 (b) Any dwelling that qualified for an exemption under Section  
12 218 prior to the commencement dates of the wildfires listed in the  
13 Governor’s disaster proclamation of August 2009, that was  
14 damaged or destroyed by the wildfires and any other related  
15 casualty that occurred as a result of this disaster in the Counties  
16 of Los Angeles and Monterey, as declared by the Governor in  
17 August 2009, and that has not changed ownership since the  
18 commencement dates of these disasters as listed in the  
19 proclamations, shall not be disqualified as a “dwelling” or be  
20 denied an exemption under Section 218 solely on the basis that  
21 the dwelling was temporarily damaged or destroyed or was being  
22 reconstructed by the owner, or was temporarily uninhabited as a  
23 result of restricted access to the property due to the wildfires.

24 (c) *Any dwelling that qualified for an exemption under Section*  
25 *218 prior to August 30, 2009, that was damaged or destroyed by*  
26 *the wildfires and any other related casualty that occurred as a*  
27 *result of this disaster in the County of Placer, as declared by the*  
28 *Governor in August 2009, and that has not changed ownership*  
29 *since August 30, 2009, shall not be disqualified as a “dwelling”*  
30 *or be denied an exemption under Section 218 solely on the basis*  
31 *that the dwelling was temporarily damaged or destroyed or was*  
32 *being reconstructed by the owner, or was temporarily uninhabited*  
33 *as a result of restricted access to the property due to the wildfires.*

34 (e)

35 (d) Any dwelling that qualified for an exemption under Section  
36 218 prior to the commencement dates of the severe winter storms  
37 listed in the Governor’s disaster proclamations of January 2010,  
38 that was damaged or destroyed by the severe rainstorms, heavy  
39 snows, floods, or mudslides that occurred as a result of these  
40 disasters in the Counties of Calaveras, Imperial, Los Angeles,

1 Orange, Riverside, San Bernardino, San Francisco, and Siskiyou,  
 2 as declared by the Governor in January 2010, and that has not  
 3 changed ownership since the commencement dates of these  
 4 disasters as listed in the proclamations, shall not be disqualified  
 5 as a “dwelling” or be denied an exemption under Section 218 solely  
 6 on the basis that the dwelling was temporarily damaged or  
 7 destroyed or was being reconstructed by the owner, or was  
 8 temporarily uninhabited as a result of restricted access to the  
 9 property due to floods, mudslides, rockslides, or washed-out or  
 10 damaged roads.

11 *(e) Any dwelling that qualified for an exemption under Section*  
 12 *218 prior to July 26, 2010, that was damaged or destroyed by the*  
 13 *wildfires and any other related casualty that occurred as a result*  
 14 *of the disaster in the County of Kern, as declared by the Governor*  
 15 *in July 2010, and that has not changed ownership since July 26,*  
 16 *2010, shall not be disqualified as a “dwelling” or be denied an*  
 17 *exemption under this section solely on the basis that the dwelling*  
 18 *was temporarily damaged or destroyed or was being reconstructed*  
 19 *by the owner, or was temporarily uninhabited as a result of*  
 20 *restricted access to the property due to the wildfires.*

21 ~~(d)~~

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

26 ~~SEC. 9:~~

27 *SEC. 5.* Section 17207.6 is added to the Revenue and Taxation  
 28 Code, to read:

29 17207.6. (a) An excess disaster loss, as defined in subdivision  
 30 (c), shall be carried to other taxable years as provided in  
 31 subdivision (b), with respect to losses resulting from any of the  
 32 following disasters:

33 (1) Any loss sustained in the Counties of Los Angeles and  
 34 Monterey as a result of wildfires that commenced in August 2009.

35 (2) *Any loss sustained in the County of Placer as a result of*  
 36 *wildfires that commenced in August 2009.*

37 ~~(2)~~

38 (3) Any loss sustained in the Counties of Calaveras, Imperial,  
 39 Los Angeles, Orange, Riverside, San Bernardino, San Francisco,

1 and Siskiyou as a result of winter storms that commenced in  
2 January 2010.

3 (4) *Any loss sustained in the County of Kern as a result of the*  
4 *wildfires that commenced in July 2010.*

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

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

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

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

31 (e) Losses allowable under this section may not be taken into  
32 account in computing a net operating loss deduction under Section  
33 172 of the Internal Revenue Code.

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

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

1     ~~SEC. 10.~~

2     SEC. 6. Section 24347.9 is added to the Revenue and Taxation  
3 Code, to read:

4     24347.9. (a) An excess disaster loss, as defined in subdivision  
5 (c), shall be carried to other taxable years as provided in  
6 subdivision (b), with respect to losses resulting from any of the  
7 following disasters:

8     (1) Any loss sustained in the Counties of Los Angeles and  
9 Monterey as a result of wildfires that commenced in August 2009.

10     (2) *Any loss sustained in the County of Placer as a result of*  
11 *wildfires that commenced in August 2009.*

12     ~~(2)~~

13     (3) Any loss sustained in the Counties of Calaveras, Imperial,  
14 Los Angeles, Orange, Riverside, San Bernardino, San Francisco,  
15 and Siskiyou as a result of winter storms that commenced in  
16 January 2010.

17     (4) *Any loss sustained in the County of Kern as a result of the*  
18 *wildfires that commenced in July 2010.*

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

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

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

39     (d) The provisions of this section and Section 165(i) of the  
40 Internal Revenue Code shall be applicable to any of the losses

1 listed in subdivision (a) sustained in any county or city in this state  
2 which was proclaimed by the Governor to be in a state of disaster.

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

8 (f) Losses allowable under this section may not be taken into  
9 account in computing a net operating loss deduction under Section  
10 172 of the Internal Revenue Code.

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

16 ~~SEC. 11.~~

17 *SEC. 7.* It is the intent of the Legislature to provide in the  
18 annual Budget Act those additional reimbursements to local  
19 governments that, as a result of ~~Section 8~~ *Section 4* of this act, are  
20 required by Section 25 of Article XIII of the California  
21 Constitution.

22 ~~SEC. 12.~~

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

25 (a) The Governor of California has officially proclaimed a state  
26 of emergency declaring that the wildfires that occurred within the  
27 Counties of Los Angeles ~~and Monterey~~, *Monterey, and Placer*,  
28 commencing in August 2009, *and within the County of Kern,*  
29 *commencing in July 2010*, constitute conditions of extreme peril  
30 to public health and safety to persons and property within that  
31 county, thus qualifying affected persons for various forms of  
32 governmental assistance and relief.

33 (b) The Governor of California has officially proclaimed a state  
34 of emergency declaring that the winter storms that occurred within  
35 the Counties of Calaveras, Imperial, Los Angeles, Orange,  
36 Riverside, San Bernardino, San Francisco, and Siskiyou,  
37 commencing in January 2010, constitute conditions of extreme  
38 peril to public health and safety to persons and property within  
39 that county, thus qualifying affected persons for various forms of  
40 governmental assistance and relief.

1 (c) This act is consistent with, and supplements, the proclaimed  
 2 disaster assistance and relief by providing necessary fiscal  
 3 assistance and tax relief to affected jurisdictions and persons to  
 4 allow them to maintain essential basic services and repair damage  
 5 to, and restore, their homes and businesses.

6 ~~SEC. 13.~~

7 *SEC. 9.* If the Commission on State Mandates determines that  
 8 this act contains costs mandated by the state, reimbursement to  
 9 local agencies and school districts for those costs shall be made  
 10 pursuant to Part 7 (commencing with Section 17500) of Division  
 11 4 of Title 2 of the Government Code.

12 ~~SEC. 14.~~

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

17 In order to timely provide essential relief to those persons and  
 18 jurisdictions that have suffered damage or loss as a result of the  
 19 wildfires that occurred within the Counties of Los Angeles ~~and~~  
 20 *Monterey, Monterey, and Placer*, commencing in August 2009,  
 21 *and within the County of Kern, commencing in July 2010*, or as a  
 22 result of the severe winter storms that occurred in the Counties of  
 23 Calaveras, Imperial, Los Angeles, Orange, Riverside, San  
 24 Bernardino, San Francisco, and Siskiyou, commencing in January  
 25 2010, that were the subject of the Governor’s proclamations of a  
 26 state of emergency, it is necessary that this act take effect  
 27 immediately.