

Introduced by Committee on Governance and Finance (Senators Wolk (Chair), DeSaulnier, Fuller, Hancock, Hernandez, Huff, Kehoe, La Malfa, and Liu)

April 1, 2011

An act to amend Sections 63.1, 69.5, 74.5, 74.6, 205.5, 276.2, 278, 279, 483, 531.1, 830, 862, 4831, 11551, and 11596 of, to add Section 271.5 to, and to repeal Section 75.23 of, the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 947, as introduced, Committee on Governance and Finance. Property taxation.

(1) The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, "full cash value" is defined as the assessor's valuation of real property as shown on the 1975–76 tax bill under "full cash value" or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change in ownership has occurred. However, the California Constitution and existing property tax law exclude from a "change in ownership" real property transfers of a principal residence and the first \$1,000,000 of the value of other real property between parents and their children, as defined by the Legislature. Existing law defines "real property" to mean the possession of, claim to, ownership of, or right to possession of land; all mines, minerals, and quarries in the land; and improvements to the land. However, real property does not include an interest in a legal entity.

This bill would define real property for purposes of the parent-child principal residence exclusion to include an interest in a unit or lot within a cooperative housing corporation, as defined.

By changing the manner in which local assessors assess property for purposes of the parent-child principal residence exclusion, and by expanding the crime of perjury by requiring that certain information required be verified under oath, this bill would impose a state-mandated local program.

(2) The California Constitution and existing property tax law authorize a person who is either severely disabled or over 55 years of age to transfer the base year value, as defined, of specified property to a replacement dwelling located within the same county, except as otherwise provided, as the property from which the base year value is transferred if, among other things, the person claiming the property tax relief is an owner or resident of the original property at the time when the original property was substantially damaged or destroyed by misfortune or calamity. Existing law provides that a property is substantially damaged or destroyed by misfortune or calamity if it sustains physical damage to more than 50% of its full cash value immediately prior to the damaging event.

This bill would, commencing with the 2012–13 fiscal year, provide that property is substantially damaged or destroyed by misfortune or calamity if either the land or improvements sustain physical damage amounting to more than 50% of the property’s full cash value immediately prior to the misfortune or calamity.

By changing the manner in which local assessors assess property for purposes of the property tax relief described above, this bill would impose a state-mandated local program.

(3) Pursuant to an authorization in the California Constitution, existing property tax law excludes from classification as “newly constructed” and “new construction” the construction or reconstruction on that portion of an existing structure of seismic retrofitting components. Existing property tax law, for purposes of this exclusion from classification as “newly constructed,” provides that “seismic retrofitting” includes those items referenced in the Uniform Code for Building Conservation of the International Conference of Building Officials, and requires “improvements utilizing earthquake hazard mitigation technologies” to use, among others, technologies referenced in the Uniform Building Code.

This bill would update obsolete references to the Uniform Code for Building Conservation of the International Conference of Building Officials and to the Uniform Building Code, by instead referring to the

International Existing Building Code of the International Code Council and to the International Building Code.

(4) Pursuant to an authorization in the California Constitution, existing property tax law excludes from classification as “newly constructed” and “new construction” the construction, installation, removal, or modification of a portion or structural component of an existing building or structure on or after June 7, 1994, to the extent that it is done for the purpose of making the building more accessible to, or more usable by, a disabled person.

The bill would make a technical, nonsubstantive change to correct an obsolete reference.

(5) Existing property tax law specifies, with regard to a supplemental assessment, that property tax exemptions shall not apply to a property as of the date of a change in ownership if the transferee did not otherwise qualify for that exemption on the date of the change in ownership.

This bill would delete this provision.

(6) Existing property tax law provides for an exemption, as specified, for property that is used for college, cemetery, church, religious, exhibition, veterans’ organization, tribal housing, or welfare purposes if certain conditions are met, as specified. Existing property tax law also provides for an exemption, as specified, of the home of a disabled veteran, or a veteran’s spouse in the case in which the veteran has, as a result of a service-connected disease or injury, died while on active duty in military service, and specifies the termination of this exemption upon that subject property being transferred to a 3rd party that is not eligible for that exemption.

This bill would specify the termination of the college, cemetery, church, religious, exhibition, veterans’ organization, tribal housing, or welfare exemptions upon the subject property being transferred to a 3rd party that is not eligible for that exemption. The bill would make related changes.

By changing the manner in which property tax assessments are administered by county assessors, this bill would impose a state-mandated local program.

(7) Existing property tax law provides, pursuant to the authorization of the California Constitution, for the exemption from property taxation of the principal residence of a disabled veteran, a veteran’s spouse, and the unmarried surviving spouse, in the case in which the veteran has, as a result of a service-connected disease or injury, died while on active duty in military service. Existing property tax law specifies that property

is a veteran's principal residence if the veteran would principally reside at that property if not for his or her confinement to a hospital or other care facility.

This bill would, beginning with the lien date for the 2012–13 fiscal year and for each fiscal year thereafter, specify that property is an unmarried surviving spouse's principal residence if the unmarried surviving spouse would principally reside at that property if not for his or her confinement to a hospital or other care facility. This bill would also correct an erroneous cross-references in this provision.

By imposing new duties upon local tax officials with respect to the disabled veterans' property tax exemption, this bill would impose a state-mandated local program.

(8) Existing property tax law provides that a disabled veterans' property tax exemption, once granted, remains in continuous effect unless, among other things, the owner does not occupy the property as his or her principal place of residence on the property tax lien date. Existing law specifies, however, that property owned by a disabled veteran who is confined to a hospital or other care facility, continues to be the principal residence of the veteran on the property tax lien date, if that property was the principal residence of the owner immediately prior to that confinement.

This bill would make this provision applicable to the unmarried surviving spouse of a deceased veteran.

(9) Existing property tax law provides for the disabled veterans' property tax exemption contingent upon a claim being filed, as specified. Existing property tax law requires, if property becomes eligible for the exemption after the lien date and an appropriate application is filed on or before the lien date in the calendar year next following the calendar year in which the property became eligible, the refund or cancellation of taxes on that portion of the assessed value of the property that would have been exempt under a timely and appropriate application.

This bill would, instead, require the refund or cancellation of taxes, if an appropriate application for the exemption is filed on the later of 90 days after the date on which the property became eligible or on or before the next following lien date.

(10) Existing property tax law requires the county assessor each year to mail a notice to all disabled veterans who received the disabled veterans' property tax exemption in the immediately preceding year, as specified.

This bill would instead require, prior to the lien date, the assessor to annually mail a notice to all claimants who received the disabled veterans' property tax exemption in the immediately preceding year.

By requiring local officials to additionally provide notice to a disabled veteran's spouse and an unmarried surviving spouse who received the disabled veterans' property tax exemption, this bill would impose a state-mandated local program.

(11) Existing property tax law requires a person or legal entity to file a change in ownership statement whenever there occurs any change in ownership of real property or of a manufactured home, as specified, whenever a person or entity obtains a controlling or majority ownership interest in a legal entity, or whenever an entity makes specified transfers of ownership interests in the legal entity. Existing law imposes a penalty if a person or legal entity required to file a change in ownership statement fails to do so within a specified time period from the date of a written request by either the assessor or the State Board of Equalization, as applicable. Existing property tax law authorizes the county board of supervisors to order this penalty abated, if an assessee establishes that the failure to file a change in ownership statement within a specified time period was due to reasonable cause and not due to willful neglect, and the assessee has filed the change in ownership statement with either the assessor or the State Board of Equalization, as applicable, and an application for abatement of the penalty with the county board of supervisors, as provided.

This bill would, instead, authorize the county board of equalization or the assessment appeals board to order the penalty abated, and would, instead, require an application for abatement of the penalty to be filed with the county board of equalization or the assessment appeals board.

(12) The California Constitution requires the State Board of Equalization to assess the property, other than franchises, of specified types of entities. Existing property tax law provides for the valuation, as a unit, of properties of a state assessee that are operated as a unit as a primary function of that assessee.

Existing property tax law requires a state assessee, upon the board's request, and in compliance with the applicable deadlines, to file a property statement relating to its state-assessed property. Existing law imposes penalties upon a taxpayer's failure to timely file a required property statement, including a penalty of 10% of unitary value with respect to that part of the property statement relating to the development of the unitary value of operating property, and a penalty of 10% of the

allocated value of property with respect to that part of the property statement that lists or describes specific operating property, and requires the imposition of an additional 25% penalty if the failure to file is a willful or fraudulent attempt to evade tax. Existing law also imposes an additional 10% penalty, as specified, upon the failure of a state assessee to either timely file a property statement or to accurately report taxable tangible personal property on a property statement, if that failure requires the board to make a subsequent assessment of the value of property that escaped assessment, and requires the imposition of an additional 25% penalty if the failure to file or report is willful or fraudulent. Existing law authorizes the board to abate these penalties if the assessee establishes that the failure to file was due to reasonable cause, but only if the assessee timely files an application for abatement of the penalty.

This bill would expressly provide for the board to abate the penalties, as described above, in whole or in part.

(13) Existing property tax law establishes various requirements and procedures for the assessment of property and the compilation of the tax assessment rolls. Existing property tax law generally authorizes the correction, subject to specified time requirements, of any error that results in an incorrect entry on the property tax roll, except for, among other things, an error that involves the exercise of value judgment, but authorizes the correction of any error or omission involving the exercise of a value judgment that arises solely from a failure to reflect a decline in taxable value of real property, as provided.

This bill would extend this authority to correct the roll with regard to an error or omission involving the exercise of a value judgment that arises solely from a failure to reflect a decline in taxable value, to floating homes and manufactured homes, as provided.

(14) The Private Railroad Car Tax Law imposes a tax, computed as specified, on private railroad cars, as defined, operated in this state, and is administered by the State Board of Equalization. Existing law requires the board, once it proposes to make a determination to grant a refund for the overpayment of that tax of over \$15,000 or a cancellation of amounts due of over \$15,000, to make those proposed determinations available as a public record for a specified amount of time, as provided.

This bill would raise the threshold for the public record requirement regarding the State Board of Equalization's determinations in the above-described circumstances to \$50,000.

(15) 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 with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

(16) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

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

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

1 SECTION 1. Section 63.1 of the Revenue and Taxation Code
2 is amended to read:

3 63.1. (a) Notwithstanding any other provision of this chapter,
4 a change in ownership shall not include the following purchases
5 or transfers for which a claim is filed pursuant to this section:

6 (1) (A) The purchase or transfer of real property which is the
7 principal residence of an eligible transferor in the case of a purchase
8 or transfer between parents and their children.

9 (B) A purchase or transfer of a principal residence from a foster
10 child to the child’s biological parent shall not be excluded under
11 subparagraph (A) if the transferor child received that principal
12 residence, or interest therein, from a foster parent through a
13 purchase or transfer that was excluded under subparagraph (A).

14 (2) The purchase or transfer of the first one million dollars
15 (\$1,000,000) of full cash value of all other real property of an
16 eligible transferor in the case of a purchase or transfer between
17 parents and their children.

1 (3) (A) Subject to subparagraph (B), the purchase or transfer
2 of real property described in paragraphs (1) and (2) of subdivision
3 (a) occurring on or after March 27, 1996, between grandparents
4 and their grandchild or grandchildren, if all of the parents of that
5 grandchild or those grandchildren, who qualify as the children of
6 the grandparents, are deceased as of the date of purchase or transfer.
7 Notwithstanding any other provision of law, for the lien date for
8 the 2006–07 fiscal year and each fiscal year thereafter, in
9 determining whether “all of the parents of that grandchild or those
10 grandchildren, who qualify as the children of the grandparents,
11 are deceased as of the date of purchase or transfer,” a son-in-law
12 or daughter-in-law of the grandparent that is a stepparent to the
13 grandchild need not be deceased on the date of the transfer.

14 (B) A purchase or transfer of a principal residence shall not be
15 excluded pursuant to subparagraph (A) if the transferee grandchild
16 or grandchildren also received a principal residence, or interest
17 therein, through another purchase or transfer that was excludable
18 pursuant to paragraph (1) of subdivision (a). The full cash value
19 of any real property, other than a principal residence, that was
20 transferred to the grandchild or grandchildren pursuant to a
21 purchase or transfer that was excludable pursuant to paragraph (2)
22 of subdivision (a) and the full cash value of a principal residence
23 that fails to qualify for exclusion as a result of the preceding
24 sentence shall be included in applying, for purposes of paragraph
25 (2) of subdivision (a), the one million dollar (\$1,000,000) full cash
26 value limit specified in paragraph (2) of subdivision (a).

27 (b) (1) For purposes of paragraph (1) of subdivision (a),
28 “principal residence” means a dwelling that is eligible for a
29 homeowners’ exemption or a disabled veterans’ exemption as a
30 result of the transferor’s ownership and occupation of the dwelling.
31 “Principal residence” includes only that portion of the land
32 underlying the residence that consists of an area of reasonable size
33 that is used as a site for the residence.

34 (2) For purposes of paragraph (2) of subdivision (a), the
35 one-million-dollar (\$1,000,000) exclusion shall apply separately
36 to each eligible transferor with respect to all purchases by and
37 transfers to eligible transferees on and after November 6, 1986, of
38 real property, other than the principal residence, of that eligible
39 transferor. The exclusion shall not apply to any property in which
40 the eligible transferor’s interest was received through a transfer,

1 or transfers, excluded from change in ownership by the provisions
2 of either subdivision (f) of Section 62 or subdivision (b) of Section
3 65, unless the transferor qualifies as an original transferor under
4 subdivision (b) of Section 65. In the case of any purchase or
5 transfer subject to this paragraph involving two or more eligible
6 transferors, the transferors may elect to combine their separate
7 one-million-dollar (\$1,000,000) exclusions and, upon making that
8 election, the combined amount of their separate exclusions shall
9 apply to any property jointly sold or transferred by the electing
10 transferors, provided that in no case shall the amount of full cash
11 value of real property of any one eligible transferor excluded under
12 this election exceed the amount of the transferor's separate unused
13 exclusion on the date of the joint sale or transfer.

14 (c) As used in this section:

15 (1) "Purchase or transfer between parents and their children"
16 means either a transfer from a parent or parents to a child or
17 children of the parent or parents or a transfer from a child or
18 children to a parent or parents of the child or children. For purposes
19 of this section, the date of any transfer between parents and their
20 children under a will or intestate succession shall be the date of
21 the decedent's death, if the decedent died on or after November
22 6, 1986.

23 (2) "Purchase or transfer of real property between grandparents
24 and their grandchild or grandchildren" means a purchase or transfer
25 on or after March 27, 1996, from a grandparent or grandparents
26 to a grandchild or grandchildren if all of the parents of that
27 grandchild or those grandchildren who qualify as the children of
28 the grandparents are deceased as of the date of the transfer. For
29 purposes of this section, the date of any transfer between
30 grandparents and their grandchildren under a will or by intestate
31 succession shall be the date of the decedent's death.
32 Notwithstanding any other provision of law, for the lien date for
33 the 2006-07 fiscal year and each fiscal year thereafter, in
34 determining whether "all of the parents of that grandchild or those
35 grandchildren, who qualify as the children of the grandparents,
36 are deceased as of the date of purchase or transfer," a son-in-law
37 or daughter-in-law of the grandparent that is a stepparent to the
38 grandchild need not be deceased on the date of the transfer.

39 (3) "Children" means any of the following:

1 (A) Any child born of the parent or parents, except a child, as
2 defined in subparagraph (D), who has been adopted by another
3 person or persons.

4 (B) Any stepchild of the parent or parents and the spouse of that
5 stepchild while the relationship of stepparent and stepchild exists.
6 For purposes of this paragraph, the relationship of stepparent and
7 stepchild shall be deemed to exist until the marriage on which the
8 relationship is based is terminated by divorce, or, if the relationship
9 is terminated by death, until the remarriage of the surviving
10 stepparent.

11 (C) Any son-in-law or daughter-in-law of the parent or parents.
12 For the purposes of this paragraph, the relationship of parent and
13 son-in-law or daughter-in-law shall be deemed to exist until the
14 marriage on which the relationship is based is terminated by
15 divorce, or, if the relationship is terminated by death, until the
16 remarriage of the surviving son-in-law or daughter-in-law.

17 (D) Any child adopted by the parent or parents pursuant to
18 statute, other than an individual adopted after reaching the age of
19 18 years.

20 (E) Any foster child of a state-licensed foster parent, if that child
21 was not, because of a legal barrier, adopted by the foster parent or
22 foster parents before the child aged out of the foster care system.
23 For purposes of this paragraph, the relationship between a foster
24 child and foster parent shall be deemed to exist until terminated
25 by death. However, for purposes of a transfer that occurs on the
26 date of death, the relationship shall be deemed to exist on the date
27 of death.

28 (4) “Grandchild” or “grandchildren” means any child or children
29 of the child or children of the grandparent or grandparents.

30 (5) “Full cash value” means full cash value, as defined in Section
31 2 of Article XIII A of the California Constitution and Section 110.1,
32 with any adjustments authorized by those sections, and the full
33 value of any new construction in progress, determined as of the
34 date immediately prior to the date of a purchase by or transfer to
35 an eligible transferee of real property subject to this section.

36 (6) “Eligible transferor” means a grandparent, parent, or child
37 of an eligible transferee.

38 (7) “Eligible transferee” means a parent, child, or grandchild
39 of an eligible transferor.

1 (8) “Real property” means real property as defined in Section
2 104. Real property does not include any interest in a legal entity.
3 *For purposes of this section, real property includes an interest in*
4 *a unit or lot within a cooperative housing corporation, as defined*
5 *in subdivision (i) of Section 61.*

6 (9) “Transfer” includes, and is not limited to, any transfer of
7 the present beneficial ownership of property from an eligible
8 transferor to an eligible transferee through the medium of an inter
9 vivos or testamentary trust.

10 (10) “Social security number” also includes a taxpayer
11 identification number issued by the Internal Revenue Service in
12 the case in which the taxpayer is a foreign national who cannot
13 obtain a social security number.

14 (d) (1) The exclusions provided for in subdivision (a) shall not
15 be allowed unless the eligible transferee, the transferee’s legal
16 representative, the trustee of the transferee’s trust, or the executor
17 or administrator of the transferee’s estate files a claim with the
18 assessor for the exclusion sought and furnishes to the assessor each
19 of the following:

20 (A) A written certification by the transferee, the transferee’s
21 legal representative, the trustee of the transferee’s trust, or the
22 executor or administrator of the transferee’s estate, signed and
23 made under penalty of perjury that the transferee is a parent, child,
24 or grandchild of the transferor and that the transferor is his or her
25 parent, child, or grandparent. In the case of a
26 grandparent-grandchild transfer, the written certification shall also
27 include a certification that all the parents of the grandchild or
28 grandchildren who qualify as children of the grandparents were
29 deceased as of the date of the purchase or transfer and that the
30 grandchild or grandchildren did or did not receive a principal
31 residence excludable under paragraph (1) of subdivision (a) from
32 the deceased parents, and that the grandchild or grandchildren did
33 or did not receive real property other than a principal residence
34 excludable under paragraph (2) of subdivision (a) from the
35 deceased parents. The claimant shall provide legal substantiation
36 of any matter certified pursuant to this subparagraph at the request
37 of the county assessor.

38 (B) A written certification by the transferor, the transferor’s
39 legal representative, the trustee of the transferor’s trust, or the
40 executor or administrator of the transferor’s estate, signed and

1 made under penalty of perjury that the transferor is a grandparent,
2 parent, or child of the transferee and that the transferor is seeking
3 the exclusion under this section and will not file a claim to transfer
4 the base year value of the property under Section 69.5.

5 (C) A written certification shall also include either or both of
6 the following:

7 (i) If the purchase or transfer of real property includes the
8 purchase or transfer of residential real property, a certification that
9 the residential real property is or is not the transferor's principal
10 residence.

11 (ii) If the purchase or transfer of real property includes the
12 purchase or transfer of real property other than the transferor's
13 principal residence, a certification that other real property of the
14 transferor that is subject to this section has or has not been
15 previously sold or transferred to an eligible transferee, the total
16 amount of full cash value, as defined in subdivision (c), of any
17 real property subject to this section that has been previously sold
18 or transferred by that transferor to eligible transferees, the location
19 of that real property, the social security number of each eligible
20 transferor, and the names of the eligible transferees of that property.

21 (D) If there are multiple transferees, the certification and
22 signature may be made by any one of the transferees, if both of
23 the following conditions are met:

24 (i) The transferee has actual knowledge that, and the certification
25 signed by the transferee states that, all of the transferees are eligible
26 transferees within the meaning of this section.

27 (ii) The certification is signed by the transferee as a true
28 statement made under penalty of perjury.

29 (E) In the case of a transfer between a foster parent and foster
30 child, the claim filed with the assessor shall include a certified
31 copy of the court decision regarding the foster child status of the
32 individual and a certified statement from the appropriate county
33 agency stating that the foster child was not, because of a legal
34 barrier, adopted by the foster parent or foster parents. Upon a
35 request by the county assessor, the claimant also shall provide to
36 the assessor legal substantiation of any matter certified under this
37 subparagraph.

38 (2) If the full cash value of the real property purchased by or
39 transferred to the transferee exceeds the permissible exclusion of
40 the transferor or the combined permissible exclusion of the

1 transferors, in the case of a purchase or transfer from two or more
2 joint transferors, taking into account any previous purchases by
3 or transfers to an eligible transferee from the same transferor or
4 transferors, the transferee shall specify in his or her claim the
5 amount and the allocation of the exclusion he or she is seeking.
6 Within any appraisal unit, as determined in accordance with
7 subdivision (d) of Section 51 by the assessor of the county in which
8 the real property is located, the exclusion shall be applied only on
9 a pro rata basis, however, and shall not be applied to a selected
10 portion or portions of the appraisal unit.

11 (e) (1) The State Board of Equalization shall design the form
12 for claiming eligibility. Except as provided in paragraph (2), any
13 claim under this section shall be filed:

14 (A) For transfers of real property between parents and their
15 children occurring prior to September 30, 1990, within three years
16 after the date of the purchase or transfer of real property for which
17 the claim is filed.

18 (B) For transfers of real property between parents and their
19 children occurring on or after September 30, 1990, and for the
20 purchase or transfer of real property between grandparents and
21 their grandchildren occurring on or after March 27, 1996, within
22 three years after the date of the purchase or transfer of real property
23 for which the claim is filed, or prior to transfer of the real property
24 to a third party, whichever is earlier.

25 (C) Notwithstanding subparagraphs (A) and (B), a claim shall
26 be deemed to be timely filed if it is filed within six months after
27 the date of mailing of a notice of supplemental or escape
28 assessment, issued as a result of the purchase or transfer of real
29 property for which the claim is filed.

30 (2) In the case in which the real property subject to purchase or
31 transfer has not been transferred to a third party, a claim for
32 exclusion under this section that is filed subsequent to the
33 expiration of the filing periods set forth in paragraph (1) shall be
34 considered by the assessor, subject to all of the following
35 conditions:

36 (A) Any exclusion granted pursuant to that claim shall apply
37 commencing with the lien date of the assessment year in which
38 the claim is filed.

39 (B) Under any exclusion granted pursuant to that claim, the
40 adjusted full cash value of the subject real property in the

1 assessment year described in subparagraph (A) shall be the adjusted
2 base year value of the subject real property in the assessment year
3 in which the excluded purchase or transfer took place, factored to
4 the assessment year described in subparagraph (A) for both of the
5 following:

6 (i) Inflation as annually determined in accordance with
7 paragraph (1) of subdivision (a) of Section 51.

8 (ii) Any subsequent new construction occurring with respect to
9 the subject real property.

10 (3) (A) Unless otherwise expressly provided, the provisions of
11 this subdivision shall apply to any purchase or transfer of real
12 property that occurred on or after November 6, 1986.

13 (B) Paragraph (2) shall apply to purchases or transfers between
14 parents and their children that occurred on or after November 6,
15 1986, and to purchases or transfers between grandparents and their
16 grandchildren that occurred on or after March 27, 1996.

17 (4) For purposes of this subdivision, a transfer of real property
18 to a parent or child of the transferor shall not be considered a
19 transfer to a third party.

20 (f) The assessor may report quarterly to the State Board of
21 Equalization all purchases or transfers, other than purchases or
22 transfers involving a principal residence, for which a claim for
23 exclusion is made pursuant to subdivision (d). Each report shall
24 contain the assessor's parcel number for each parcel for which the
25 exclusion is claimed, the amount of each exclusion claimed, the
26 social security number of each eligible transferor, and any other
27 information the board may require in order to monitor the
28 one-million-dollar (\$1,000,000) limitation in paragraph (2) of
29 subdivision (a). In recognition of the state and local interests served
30 by the action made optional in this subdivision, the Legislature
31 encourages the assessor to continue taking the action formerly
32 mandated by this subdivision.

33 (g) This section shall apply to both voluntary transfers and
34 transfers resulting from a court order or judicial decree. Nothing
35 in this subdivision shall be construed as conflicting with paragraph
36 (1) of subdivision (c) or the general principle that transfers by
37 reason of death occur at the time of death.

38 (h) (1) Except as provided in paragraph (2), this section shall
39 apply to purchases and transfers of real property completed on or
40 after November 6, 1986, and shall not be effective for any change

1 in ownership, including a change in ownership arising on the date
2 of a decedent's death, that occurred prior to that date.

3 (2) This section shall apply to purchases or transfers of real
4 property between grandparents and their grandchildren occurring
5 on or after March 27, 1996, and, with respect to purchases or
6 transfers of real property between grandparents and their
7 grandchildren, shall not be effective for any change in ownership,
8 including a change in ownership arising on the date of a decedent's
9 death, that occurred prior to that date.

10 (i) A claim filed under this section is not a public document and
11 is not subject to public inspection, except that a claim shall be
12 available for inspection by the transferee and the transferor or their
13 respective spouse, the transferee's legal representative, the
14 transferor's legal representative, the trustee of the transferee's
15 trust, the trustee of the transferor's trust, and the executor or
16 administrator of the transferee's or transferor's estate.

17 (j) (1) If the assessor notifies the transferee in writing of
18 potential eligibility for exclusion from change in ownership under
19 this section, a certified claim for exclusion shall be filed with the
20 assessor within 45 days of the date of the notice of potential
21 eligibility. If a certified claim for exclusion is not filed within 45
22 days, the assessor may send a second notice of potential eligibility
23 for exclusion, notifying the transferee that a certified claim for
24 exclusion has not been received and that reassessment of the
25 property will commence unless a certified claim for exclusion is
26 filed within 60 days of the date of the second notice of potential
27 eligibility. The second notice of potential eligibility shall indicate
28 whether a certified claim for exclusion that is not filed within 60
29 days will be subject to a processing fee as provided in paragraph
30 (2).

31 (2) If a certified claim for exclusion is not filed within 60 days
32 of the date of the second notice of potential eligibility and an
33 eligible transferee subsequently files a claim and qualifies for the
34 exclusion, the assessor may, upon authorization by a county board
35 of supervisors, require an eligible transferee to pay a one-time
36 processing fee, collected at the time the claim is submitted, and
37 reimbursed by the assessor if the claim is ineligible. The fee shall
38 be subject to the provisions of Chapter 12.5 (commencing with
39 Section 54985) of Part 1 of Division 2 of Title 5 of the Government
40 Code and shall not exceed the amount of the actual and reasonable

1 costs incurred by the assessor for reassessment work done due to
2 failure to file the claim for exclusion or one hundred seventy-five
3 dollars (\$175), whichever is less.

4 (3) The failure to file a certified claim for exclusion within the
5 filing periods specified by this subdivision shall not be construed
6 to limit any exclusion from being granted pursuant to a claim filed
7 within the filing periods specified by subdivision (e).

8 SEC. 2. Section 69.5 of the Revenue and Taxation Code is
9 amended to read:

10 69.5. (a) (1) Notwithstanding any other provision of law,
11 pursuant to subdivision (a) of Section 2 of Article XIII A of the
12 California Constitution, any person over the age of 55 years, or
13 any severely and permanently disabled person, who resides in
14 property that is eligible for the homeowners' exemption under
15 subdivision (k) of Section 3 of Article XIII of the California
16 Constitution and Section 218 may transfer, subject to the conditions
17 and limitations provided in this section, the base year value of that
18 property to any replacement dwelling of equal or lesser value that
19 is located within the same county and is purchased or newly
20 constructed by that person as his or her principal residence within
21 two years of the sale by that person of the original property,
22 provided that the base year value of the original property shall not
23 be transferred to the replacement dwelling until the original
24 property is sold.

25 (2) Notwithstanding the limitation in paragraph (1) requiring
26 that the original property and the replacement dwelling be located
27 in the same county, this limitation shall not apply in any county
28 in which the county board of supervisors, after consultation with
29 local affected agencies within the boundaries of the county, adopts
30 an ordinance making the provisions of paragraph (1) also applicable
31 to situations in which replacement dwellings are located in that
32 county and the original properties are located in another county
33 within this state. The authorization contained in this paragraph
34 shall be applicable in a county only if the ordinance adopted by
35 the board of supervisors complies with all of the following
36 requirements:

37 (A) It is adopted only after consultation between the board of
38 supervisors and all other local affected agencies within the county's
39 boundaries.

1 (B) It requires that all claims for transfers of base year value
2 from original property located in another county be granted if the
3 claims meet the applicable requirements of both subdivision (a)
4 of Section 2 of Article XIII A of the California Constitution and
5 this section.

6 (C) It requires that all base year valuations of original property
7 located in another county and determined by its assessor be
8 accepted in connection with the granting of claims for transfers of
9 base year value.

10 (D) It provides that its provisions are operative for a period of
11 not less than five years.

12 (E) The ordinance specifies the date on and after which its
13 provisions shall be applicable. However, the date specified shall
14 not be earlier than November 9, 1988. The specified applicable
15 date may be a date earlier than the date the county adopts the
16 ordinance.

17 (b) In addition to meeting the requirements of subdivision (a),
18 any person claiming the property tax relief provided by this section
19 shall be eligible for that relief only if the following conditions are
20 met:

21 (1) The claimant is an owner and a resident of the original
22 property either at the time of its sale, or at the time when the
23 original property was substantially damaged or destroyed by
24 misfortune or calamity, or within two years of the purchase or new
25 construction of the replacement dwelling.

26 (2) The original property is eligible for the homeowners'
27 exemption, as the result of the claimant's ownership and occupation
28 of the property as his or her principal residence, either at the time
29 of its sale, or at the time when the original property was
30 substantially damaged or destroyed by misfortune or calamity, or
31 within two years of the purchase or new construction of the
32 replacement dwelling.

33 (3) At the time of the sale of the original property, the claimant
34 or the claimant's spouse who resides with the claimant is at least
35 55 years of age, or is severely and permanently disabled.

36 (4) At the time of claiming the property tax relief provided by
37 subdivision (a), the claimant is an owner of a replacement dwelling
38 and occupies it as his or her principal place of residence and, as a
39 result thereof, the property is currently eligible for the homeowners'
40 exemption or would be eligible for the exemption except that the

1 property is already receiving the exemption because of an
2 exemption claim filed by the previous owner.

3 (5) The original property of the claimant is sold by him or her
4 within two years of the purchase or new construction of the
5 replacement dwelling. For purposes of this paragraph, the purchase
6 or new construction of the replacement dwelling includes the
7 purchase of that portion of land on which the replacement building,
8 structure, or other shelter constituting a place of abode of the
9 claimant will be situated and that, pursuant to paragraph (3) of
10 subdivision (g), constitutes a part of the replacement dwelling.

11 (6) ~~The~~ *Except as otherwise provided in paragraph (2) of*
12 *subdivision (a),* the replacement dwelling, including that portion
13 of land on which it is situated that is specified in paragraph (5), is
14 located entirely within the same county as the claimant's original
15 property.

16 (7) The claimant has not previously been granted, as a claimant,
17 the property tax relief provided by this section, except that this
18 paragraph shall not apply to any person who becomes severely
19 and permanently disabled subsequent to being granted, as a
20 claimant, the property tax relief provided by this section for any
21 person over the age of 55 years. In order to prevent duplication of
22 claims under this section within this state, county assessors shall
23 report quarterly to the State Board of Equalization that information
24 from claims filed in accordance with subdivision (f) and from
25 county records as is specified by the board necessary to identify
26 fully all claims under this section allowed by assessors and all
27 claimants who have thereby received relief. The board may specify
28 that the information include all or a part of the names and social
29 security numbers of claimants and their spouses and the identity
30 and location of the replacement dwelling to which the claim
31 applies. The information may be required in the form of data
32 processing media or other media and in a format that is compatible
33 with the recordkeeping processes of the counties and the auditing
34 procedures of the state.

35 (c) The property tax relief provided by this section shall be
36 available if the original property or the replacement dwelling, or
37 both, of the claimant includes, but is not limited to, either of the
38 following:

39 (1) A unit or lot within a cooperative housing corporation, a
40 community apartment project, a condominium project, or a planned

1 unit development. If the unit or lot constitutes the original property
2 of the claimant, the assessor shall transfer to the claimant's
3 replacement dwelling only the base year value of the claimant's
4 unit or lot and his or her share in any common area reserved as an
5 appurtenance of that unit or lot. If the unit or lot constitutes the
6 replacement dwelling of the claimant, the assessor shall transfer
7 the base year value of the claimant's original property only to the
8 unit or lot of the claimant and any share of the claimant in any
9 common area reserved as an appurtenance of that unit or lot.

10 (2) A manufactured home or a manufactured home and any land
11 owned by the claimant on which the manufactured home is situated.
12 For purposes of this paragraph, "land owned by the claimant"
13 includes a pro rata interest in a resident-owned mobilehome park
14 that is assessed pursuant to subdivision (b) of Section 62.1.

15 (A) If the manufactured home or the manufactured home and
16 the land on which it is situated constitutes the claimant's original
17 property, the assessor shall transfer to the claimant's replacement
18 dwelling either the base year value of the manufactured home or
19 the base year value of the manufactured home and the land on
20 which it is situated, as appropriate. If the manufactured home
21 dwelling that constitutes the original property of the claimant
22 includes an interest in a resident-owned mobilehome park, the
23 assessor shall transfer to the claimant's replacement dwelling the
24 base year value of the claimant's manufactured home and his or
25 her pro rata portion of the real property of the park. No transfer of
26 base year value shall be made by the assessor of that portion of
27 land that does not constitute a part of the original property, as
28 provided in paragraph (4) of subdivision (g).

29 (B) If the manufactured home or the manufactured home and
30 the land on which it is situated constitutes the claimant's
31 replacement dwelling, the assessor shall transfer the base year
32 value of the claimant's original property either to the manufactured
33 home or the manufactured home and the land on which it is
34 situated, as appropriate. If the manufactured home dwelling that
35 constitutes the replacement dwelling of the claimant includes an
36 interest in a resident-owned mobilehome park, the assessor shall
37 transfer the base year value of the claimant's original property to
38 the manufactured home of the claimant and his or her pro rata
39 portion of the park. No transfer of base year value shall be made
40 by the assessor to that portion of land that does not constitute a

1 part of the replacement dwelling, as provided in paragraph (3) of
2 subdivision (g).

3 This subdivision shall be subject to the limitations specified in
4 subdivision (d).

5 (d) The property tax relief provided by this section shall be
6 available to a claimant who is the coowner of the original property,
7 as a joint tenant, a tenant in common, a community property owner,
8 or a present beneficiary of a trust subject to the following
9 limitations:

10 (1) If a single replacement dwelling is purchased or newly
11 constructed by all of the coowners and each coowner retains an
12 interest in the replacement dwelling, the claimant shall be eligible
13 under this section whether or not any or all of the remaining
14 coowners would otherwise be eligible claimants.

15 (2) If two or more replacement dwellings are separately
16 purchased or newly constructed by two or more coowners and
17 more than one coowner would otherwise be an eligible claimant,
18 only one coowner shall be eligible under this section. These
19 coowners shall determine by mutual agreement which one of them
20 shall be deemed eligible.

21 (3) If two or more replacement dwellings are separately
22 purchased or newly constructed by two coowners who held the
23 original property as community property, only the coowner who
24 has attained the age of 55 years, or is severely and permanently
25 disabled, shall be eligible under this section. If both spouses are
26 over 55 years of age, they shall determine by mutual agreement
27 which one of them is eligible.

28 In the case of coowners whose original property is a multiunit
29 dwelling, the limitations imposed by paragraphs (2) and (3) shall
30 only apply to coowners who occupied the same dwelling unit
31 within the original property at the time specified in paragraph (2)
32 of subdivision (b).

33 (e) Upon the sale of original property, the assessor shall
34 determine a new base year value for that property in accordance
35 with subdivision (a) of Section 2 of Article XIII A of the California
36 Constitution and Section 110.1, whether or not a replacement
37 dwelling is subsequently purchased or newly constructed by the
38 former owner or owners of the original property.

39 This section shall not apply unless the transfer of the original
40 property is a change in ownership that either (1) subjects that

1 property to reappraisal at its current fair market value in accordance
2 with Section 110.1 or 5803 or (2) results in a base year value
3 determined in accordance with this section, Section 69, or Section
4 69.3 because the property qualifies under this section, Section 69,
5 or Section 69.3 as a replacement dwelling or property.

6 (f) (1) A claimant shall not be eligible for the property tax relief
7 provided by this section unless the claimant provides to the
8 assessor, on a form that shall be designed by the State Board of
9 Equalization and that the assessor shall make available upon
10 request, the following information:

11 (A) The name and social security number of each claimant and
12 of any spouse of the claimant who is a record owner of the
13 replacement dwelling.

14 (B) Proof that the claimant or the claimant's spouse who resided
15 on the original property with the claimant was, at the time of its
16 sale, at least 55 years of age, or severely and permanently disabled.
17 Proof of severe and permanent disability shall be considered a
18 certification, signed by a licensed physician and surgeon of
19 appropriate specialty, attesting to the claimant's severely and
20 permanently disabled condition. In the absence of available proof
21 that a person is over 55 years of age, the claimant shall certify
22 under penalty of perjury that the age requirement is met. In the
23 case of a severely and permanently disabled claimant either of the
24 following shall be submitted:

25 (i) A certification, signed by a licensed physician or surgeon of
26 appropriate specialty that identifies specific reasons why the
27 disability necessitates a move to the replacement dwelling and the
28 disability-related requirements, including any locational
29 requirements, of a replacement dwelling. The claimant shall
30 substantiate that the replacement dwelling meets disability-related
31 requirements so identified and that the primary reason for the move
32 to the replacement dwelling is to satisfy those requirements. If the
33 claimant, or the claimant's spouse or guardian, so declares under
34 penalty of perjury, it shall be rebuttably presumed that the primary
35 purpose of the move to the replacement dwelling is to satisfy
36 identified disability-related requirements.

37 (ii) The claimant's substantiation that the primary purpose of
38 the move to the replacement dwelling is to alleviate financial
39 burdens caused by the disability. If the claimant, or the claimant's
40 spouse or guardian, so declares under penalty of perjury, it shall

1 be rebuttably presumed that the primary purpose of the move is
2 to alleviate the financial burdens caused by the disability.

3 (C) The address and, if known, the assessor's parcel number of
4 the original property.

5 (D) The date of the claimant's sale of the original property and
6 the date of the claimant's purchase or new construction of a
7 replacement dwelling.

8 (E) A statement by the claimant that he or she occupied the
9 replacement dwelling as his or her principal place of residence on
10 the date of the filing of his or her claim.

11 (F) Any claim under this section shall be filed within three years
12 of the date the replacement dwelling was purchased or the new
13 construction of the replacement dwelling was completed subject
14 to subdivision (k) or (m).

15 (2) A claim for transfer of base year value under this section
16 that is filed after the expiration of the filing period set forth in
17 subparagraph (F) of paragraph (1) shall be considered by the
18 assessor, subject to all of the following conditions:

19 (A) Any base year value transfer granted pursuant to that claim
20 shall apply commencing with the lien date of the assessment year
21 in which the claim is filed.

22 (B) The full cash value of the replacement property in the
23 assessment year described in subparagraph (A) shall be the base
24 year value of the real property in the assessment year in which the
25 base year value was transferred, factored to the assessment year
26 described in subparagraph (A) for both of the following:

27 (i) Inflation as annually determined in accordance with
28 paragraph (1) of subdivision (a) of Section 51.

29 (ii) Any subsequent new construction occurring with respect to
30 the subject real property that does not qualify for property tax relief
31 pursuant to the criteria set forth in subparagraphs (A) and (B) of
32 paragraph (4) of subdivision (h).

33 (g) For purposes of this section:

34 (1) "Person over the age of 55 years" means any person or the
35 spouse of any person who has attained the age of 55 years or older
36 at the time of the sale of the original property.

37 (2) "Base year value of the original property" means its base
38 year value, as determined in accordance with Section 110.1, with
39 the adjustments permitted by subdivision (b) of Section 2 of Article
40 XIII A of the California Constitution and subdivision (f) of Section

1 110.1, determined as of the date immediately prior to the date that
2 the original property is sold by the claimant, or in the case where
3 the original property has been substantially damaged or destroyed
4 by misfortune or calamity and the owner does not rebuild on the
5 original property, determined as of the date immediately prior to
6 the misfortune or calamity.

7 If the replacement dwelling is purchased or newly constructed
8 after the transfer of the original property, “base year value of the
9 original property” also includes any inflation factor adjustments
10 permitted by subdivision (f) of Section 110.1 for the period
11 subsequent to the sale of the original property. The base year or
12 years used to compute the “base year value of the original property”
13 shall be deemed to be the base year or years of any property to
14 which that base year value is transferred pursuant to this section.

15 (3) “Replacement dwelling” means a building, structure, or
16 other shelter constituting a place of abode, whether real property
17 or personal property, that is owned and occupied by a claimant as
18 his or her principal place of residence, and any land owned by the
19 claimant on which the building, structure, or other shelter is
20 situated. For purposes of this paragraph, land constituting a part
21 of a replacement dwelling includes only that area of reasonable
22 size that is used as a site for a residence, and “land owned by the
23 claimant” includes land for which the claimant either holds a
24 leasehold interest described in subdivision (c) of Section 61 or a
25 land purchase contract. Each unit of a multiunit dwelling shall be
26 considered a separate replacement dwelling. For purposes of this
27 paragraph, “area of reasonable size that is used as a site for a
28 residence” includes all land if any nonresidential uses of the
29 property are only incidental to the use of the property as a
30 residential site. For purposes of this paragraph, “land owned by
31 the claimant” includes an ownership interest in a resident-owned
32 mobilehome park that is assessed pursuant to subdivision (b) of
33 Section 62.1.

34 (4) “Original property” means a building, structure, or other
35 shelter constituting a place of abode, whether real property or
36 personal property, that is owned and occupied by a claimant as his
37 or her principal place of residence, and any land owned by the
38 claimant on which the building, structure, or other shelter is
39 situated. For purposes of this paragraph, land constituting a part
40 of the original property includes only that area of reasonable size

1 that is used as a site for a residence, and “land owned by the
2 claimant” includes land for which the claimant either holds a
3 leasehold interest described in subdivision (c) of Section 61 or a
4 land purchase contract. Each unit of a multiunit dwelling shall be
5 considered a separate original property. For purposes of this
6 paragraph, “area of reasonable size that is used as a site for a
7 residence” includes all land if any nonresidential uses of the
8 property are only incidental to the use of the property as a
9 residential site. For purposes of this paragraph, “land owned by
10 the claimant” includes an ownership interest in a resident-owned
11 mobilehome park that is assessed pursuant to subdivision (b) of
12 Section 62.1.

13 (5) “Equal or lesser value” means that the amount of the full
14 cash value of a replacement dwelling does not exceed one of the
15 following:

16 (A) One hundred percent of the amount of the full cash value
17 of the original property if the replacement dwelling is purchased
18 or newly constructed prior to the date of the sale of the original
19 property.

20 (B) One hundred and five percent of the amount of the full cash
21 value of the original property if the replacement dwelling is
22 purchased or newly constructed within the first year following the
23 date of the sale of the original property.

24 (C) One hundred and ten percent of the amount of the full cash
25 value of the original property if the replacement dwelling is
26 purchased or newly constructed within the second year following
27 the date of the sale of the original property.

28 For the purposes of this paragraph, except as otherwise provided
29 in paragraph (4) of subdivision (h), if the replacement dwelling is,
30 in part, purchased and, in part, newly constructed, the date the
31 “replacement dwelling is purchased or newly constructed” is the
32 date of purchase or the date of completion of construction,
33 whichever is later.

34 (6) “Full cash value of the replacement dwelling” means its full
35 cash value, determined in accordance with Section 110.1, as of
36 the date on which it was purchased or new construction was
37 completed, and after the purchase or the completion of new
38 construction.

39 (7) “Full cash value of the original property” means, either:

1 (A) Its new base year value, determined in accordance with
2 subdivision (e), without the application of subdivision (h) of
3 Section 2 of Article XIII A of the California Constitution, plus the
4 adjustments permitted by subdivision (b) of Section 2 of Article
5 XIII A and subdivision (f) of Section 110.1 for the period from the
6 date of its sale by the claimant to the date on which the replacement
7 property was purchased or new construction was completed.

8 (B) In the case where the original property has been substantially
9 damaged or destroyed by misfortune or calamity and the owner
10 does not rebuild on the original property, its full cash value, as
11 determined in accordance with Section 110, immediately prior to
12 its substantial damage or destruction by misfortune or calamity,
13 as determined by the county assessor of the county in which the
14 property is located, without the application of subdivision (h) of
15 Section 2 of Article XIII A of the California Constitution, plus the
16 adjustments permitted by subdivision (b) of Section 2 of Article
17 XIII A and subdivision (f) of Section 110.1, for the period from
18 the date of its sale by the claimant to the date on which the
19 replacement property was purchased or new construction was
20 completed.

21 (8) “Sale” means any change in ownership of the original
22 property for consideration.

23 (9) “Claimant” means any person claiming the property tax
24 relief provided by this section. If a spouse of that person is a record
25 owner of the replacement dwelling, the spouse is also a claimant
26 for purposes of determining whether in any future claim filed by
27 the spouse under this section the condition of eligibility specified
28 in paragraph (7) of subdivision (b) has been met.

29 (10) “Property that is eligible for the homeowners’ exemption”
30 includes property that is the principal place of residence of its
31 owner and is entitled to exemption pursuant to Section 205.5.

32 (11) “Person” means any individual, but does not include any
33 firm, partnership, association, corporation, company, or other legal
34 entity or organization of any kind. “Person” includes an individual
35 who is the present beneficiary of a trust.

36 (12) “Severely and permanently disabled” means any person
37 described in subdivision (b) of Section 74.3.

38 (13) For the purposes of this section, property is “substantially
39 damaged or destroyed by misfortune or calamity” ~~if it sustains~~
40 *either the land or the improvements sustain physical damage*

1 amounting to more than 50 percent of ~~its~~*the property's* full cash
2 value immediately prior to the misfortune or calamity. Damage
3 includes a diminution in the value of property as a result of
4 restricted access to the property where the restricted access was
5 caused by the misfortune or calamity and is permanent in nature.

6 (h) (1) Upon the timely filing of a claim described in
7 subparagraph (F) of paragraph (1) of subdivision (f), the assessor
8 shall adjust the new base year value of the replacement dwelling
9 in conformity with this section. This adjustment shall be made as
10 of the latest of the following dates:

11 (A) The date the original property is sold.

12 (B) The date the replacement dwelling is purchased.

13 (C) The date the new construction of the replacement dwelling
14 is completed.

15 (2) Any taxes that were levied on the replacement dwelling prior
16 to the filing of the claim on the basis of the replacement dwelling's
17 new base year value, and any allowable annual adjustments thereto,
18 shall be canceled or refunded to the claimant to the extent that the
19 taxes exceed the amount that would be due when determined on
20 the basis of the adjusted new base year value.

21 (3) Notwithstanding Section 75.10, Chapter 3.5 (commencing
22 with Section 75) shall be utilized for purposes of implementing
23 this subdivision, including adjustments of the new base year value
24 of replacement dwellings acquired prior to the sale of the original
25 property.

26 (4) In the case where a claim under this section has been timely
27 filed and granted, and new construction is performed upon the
28 replacement dwelling subsequent to the transfer of base year value,
29 the property tax relief provided by this section also shall apply to
30 the replacement dwelling, as improved, and thus there shall be no
31 reassessment upon completion of the new construction if both of
32 the following conditions are met:

33 (A) The new construction is completed within two years of the
34 date of the sale of the original property and the owner notifies the
35 assessor in writing of completion of the new construction within
36 30 days after completion.

37 (B) The fair market value of the new construction on the date
38 of completion, plus the full cash value of the replacement dwelling
39 on the date of acquisition, is not more than the full cash value of

1 the original property as determined pursuant to paragraph (7) of
2 subdivision (g) for purposes of granting the original claim.

3 (i) Any claimant may rescind a claim for the property tax relief
4 provided by this section and shall not be considered to have
5 received that relief for purposes of paragraph (7) of subdivision
6 (b), and the assessor shall grant the rescission, if a written notice
7 of rescission is delivered to the office of the assessor as follows:

8 (1) A written notice of rescission signed by the original filing
9 claimant or claimants is delivered to the office of the assessor in
10 which the original claim was filed.

11 (2) (A) Except as otherwise provided in this paragraph, the
12 notice of rescission is delivered to the office of the assessor before
13 the date that the county first issues, as a result of relief granted
14 under this section, a refund check for property taxes imposed upon
15 the replacement dwelling. If granting relief will not result in a
16 refund of property taxes, then the notice shall be delivered before
17 payment is first made of any property taxes, or any portion thereof,
18 imposed upon the replacement dwelling consistent with relief
19 granted under this section. If payment of the taxes is not made,
20 then notice shall be delivered before the first date that those
21 property taxes, or any portion thereof, imposed upon the
22 replacement dwelling, consistent with relief granted under this
23 section, are delinquent.

24 (B) Notwithstanding any other provision in this division, any
25 time the notice of rescission is delivered to the office of the assessor
26 within six years after relief was granted, provided that the
27 replacement property has been vacated as the claimant's principal
28 place of residence within 90 days after the original claim was filed,
29 regardless of whether the property continues to receive the
30 homeowners' exemption. If the rescission increases the base year
31 value of a property, or the homeowners' exemption has been
32 incorrectly allowed, appropriate escape assessments or
33 supplemental assessments, including interest as provided in Section
34 506, shall be imposed. The limitations periods for any escape
35 assessments or supplemental assessments shall not commence until
36 July 1 of the assessment year in which the notice of rescission is
37 delivered to the office of the assessor.

38 (3) The notice is accompanied by the payment of a fee as the
39 assessor may require, provided that the fee shall not exceed an
40 amount reasonably related to the estimated cost of processing a

1 rescission claim, including both direct costs and developmental
2 and indirect costs, such as costs for overhead, personnel, supplies,
3 materials, office space, and computers.

4 (j) (1) With respect to the transfer of base year value of original
5 properties to replacement dwellings located in the same county,
6 this section, except as provided in paragraph (3) or (4), shall apply
7 to any replacement dwelling that is purchased or newly constructed
8 on or after November 6, 1986.

9 (2) With respect to the transfer of base year value of original
10 properties to replacement dwellings located in different counties,
11 except as provided in paragraph (4), this section shall apply to any
12 replacement dwelling that is purchased or newly constructed on
13 or after the date specified in accordance with subparagraph (E) of
14 paragraph (2) of subdivision (a) in the ordinance of the county in
15 which the replacement dwelling is located, but shall not apply to
16 any replacement dwelling which was purchased or newly
17 constructed before November 9, 1988.

18 (3) With respect to the transfer of base year value by a severely
19 and permanently disabled person, this section shall apply only to
20 replacement dwellings that are purchased or newly constructed on
21 or after June 6, 1990.

22 (4) The amendments made to subdivision (e) by the act adding
23 this paragraph shall apply only to replacement dwellings under
24 Section 69 that are acquired or newly constructed on or after
25 October 20, 1991, and shall apply commencing with the 1991–92
26 fiscal year.

27 (k) (1) In the case in which a county adopts an ordinance
28 pursuant to paragraph (2) of subdivision (a) that establishes an
29 applicable date which is more than three years prior to the date of
30 adoption of the ordinance, those potential claimants who purchased
31 or constructed replacement dwellings more than three years prior
32 to the date of adoption of the ordinance and who would, therefore,
33 be precluded from filing a timely claim, shall be deemed to have
34 timely filed a claim if the claim is filed within three years after the
35 date that the ordinance is adopted. This paragraph may not be
36 construed as a waiver of any other requirement of this section.

37 (2) In the case in which a county assessor corrects a base year
38 value to reflect a pro rata change in ownership of a resident-owned
39 mobilehome park that occurred between January 1, 1989, and
40 January 1, 2002, pursuant to paragraph (4) of subdivision (b) of

1 Section 62.1, those claimants who purchased or constructed
2 replacement dwellings more than three years prior to the correction
3 and who would, therefore, be precluded from filing a timely claim,
4 shall be deemed to have timely filed a claim if the claim is filed
5 within three years of the date of notice of the correction of the base
6 year value to reflect the pro rata change in ownership. This
7 paragraph may not be construed as a waiver of any other
8 requirement of this section.

9 (3) This subdivision does not apply to a claimant who has
10 transferred his or her replacement dwelling prior to filing a claim.

11 (4) The property tax relief provided by this section, but filed
12 under this subdivision, shall apply prospectively only, commencing
13 with the lien date of the assessment year in which the claim is
14 filed. There shall be no refund or cancellation of taxes prior to the
15 date that the claim is filed.

16 (l) No escape assessment may be levied if a transfer of base
17 year value under this section has been erroneously granted by the
18 assessor pursuant to an expired ordinance authorizing intercounty
19 transfers of base year value.

20 (m) (1) The amendments made to subdivisions (b) and (g) of
21 this section by Chapter 613 of the Statutes of 2001 shall apply:

22 (A) With respect to the transfer of base year value of original
23 properties to replacement dwellings located in the same county,
24 to any replacement dwelling that is purchased or newly constructed
25 on or after November 6, 1986.

26 (B) With respect to the transfer of base year value of original
27 properties to replacement dwellings located in different counties,
28 to any replacement dwelling that is purchased or newly constructed
29 on or after the date specified in accordance with subparagraph (E)
30 of paragraph (2) of subdivision (a) in the ordinance of the county
31 in which the replacement dwelling is located, but not to any
32 replacement dwelling that was purchased or newly constructed
33 before November 9, 1988.

34 (C) With respect to the transfer of base year value by a severely
35 and permanently disabled person, to replacement dwellings that
36 are purchased or newly constructed on or after June 6, 1990.

37 (2) The property tax relief provided by this section in accordance
38 with this subdivision shall apply prospectively only commencing
39 with the lien date of the assessment year in which the claim is

1 filed. There shall be no refund or cancellation of taxes prior to the
2 date that the claim is filed.

3 (n) A claim filed under this section is not a public document
4 and is not subject to public inspection, except that a claim shall be
5 available for inspection by the claimant or the claimant’s spouse,
6 the claimant’s or the claimant’s spouse’s legal representative, the
7 trustee of a trust in which the claimant or the claimant’s spouse is
8 a present beneficiary, and the executor or administrator of the
9 claimant’s or the claimant’s spouse’s estate.

10 (o) *The amendments made to this section by the act adding this*
11 *subdivision shall apply commencing with the lien date for the*
12 *2012–13 fiscal year.*

13 SEC. 3. Section 74.5 of the Revenue and Taxation Code is
14 amended to read:

15 74.5. (a) For purposes of subdivision (a) of Section 2 of Article
16 XIII A of the California Constitution, “newly constructed” and
17 “new construction” does not include that portion of an existing
18 structure that consists of the construction or reconstruction of
19 seismic retrofitting components, as defined in this section.

20 (b) For purposes of this section, all of the following apply:

21 (1) “Seismic retrofitting components” means seismic retrofitting
22 improvements and improvements utilizing earthquake hazard
23 mitigation technologies.

24 (2) “Seismic retrofitting improvements” means retrofitting or
25 reconstruction of an existing building or structure, to abate falling
26 hazards from structural or nonstructural components of any
27 building or structure including, but not limited to, parapets,
28 appendages, cornices, hanging objects, and building cladding that
29 pose serious danger. “Seismic retrofitting improvements” also
30 means either structural strengthening or providing the means
31 necessary to resist seismic force levels that would otherwise be
32 experienced by an existing building or structure during an
33 earthquake, so as to significantly reduce hazards to life and safety
34 while also providing for the substantially safe ingress and egress
35 of building occupants during and immediately after an earthquake.
36 “Seismic retrofitting improvements” does not include alterations,
37 such as new plumbing, electrical, or other added finishing
38 materials, made in addition to seismic-related work performed on
39 an existing structure. “Seismic retrofitting” includes, but is not
40 limited to, those items referenced in Appendix ~~Chapters 5 and 6~~

1 of the Uniform Code for Building Conservation of the International
2 Conference of Building Officials *A of the International Existing*
3 *Building Code of the International Code Council.*

4 (3) “Improvements utilizing earthquake hazard mitigation
5 technologies” means improvements to existing buildings identified
6 by a local government as being hazardous to life in the event of
7 an earthquake. These improvements shall involve strategies for
8 earthquake protection of structures. These improvements shall use
9 technologies such as those referenced in the California Building
10 Code and similar seismic provisions in the ~~Uniform~~ *International*
11 *Building Code.*

12 (c) The property owner, primary contractor, civil or structural
13 engineer, or architect shall certify to the building department those
14 portions of the project that are seismic retrofitting components, as
15 defined in this section. Upon completion of the project, the building
16 department shall report to the county assessor the costs of the
17 portions of the project that are seismic retrofitting components.

18 (d) In order to receive the exclusion, the property owner shall
19 notify the assessor prior to, or within 30 days of, completion of
20 the project that he or she intends to claim the exclusion for seismic
21 retrofitting components. The State Board of Equalization shall
22 prescribe the manner and form for claiming the exclusion. All
23 documents necessary to support the exclusion shall be filed by the
24 property owner with the assessor not later than six months after
25 the completion of the project.

26 (e) The Legislature finds and declares that the reconstruction
27 and improvement actions that were excluded from “newly
28 constructed” and “new construction” by Chapter 1187 of the
29 Statutes of 1983 meet the requirements of “construction or
30 reconstruction of seismic retrofitting components on an existing
31 structure,” as provided in the act that amended this subdivision.
32 Therefore, a structure constructed of unreinforced masonry bearing
33 wall construction that is receiving a 15-year new construction
34 exclusion as provided by Chapter 1187 of the Statutes of 1983 on
35 the operative date of this act shall continue to receive, pursuant to
36 this section, an exclusion after the 15-year period expires, unless
37 the property is purchased or changes ownership, in which case
38 Chapter 2 (commencing with Section 60) applies.

39 SEC. 4. Section 74.6 of the Revenue and Taxation Code is
40 amended to read:

1 74.6. (a) For purposes of paragraph ~~(5)~~ (4) of subdivision (c)
2 of Section 2 of Article XIII A of the California Constitution, “newly
3 constructed” and “new construction” does not include the
4 construction, installation, removal, or modification of any portion
5 or structural component of an existing building or structure to the
6 extent that it is done for the purpose of making the building or
7 structure more accessible to, or more usable by, a disabled person.
8 (b) For the purposes of this section, “disabled person” means a
9 person who suffers from a physical impairment that substantially
10 limits one or more of that person’s major life activities.
11 (c) The exclusion provided for in subdivision (a) shall apply to
12 all buildings or structures except for those buildings or structures
13 that qualify for the exclusion provided for in subdivision (a) of
14 Section 74.3.
15 (d) The exclusion provided for in this section does not apply to
16 the construction of an entirely new building or structure, or to the
17 construction of an entirely new addition to an existing building or
18 structure.
19 (e) For purposes of the exclusion provided for in subdivision
20 (a), the property owner, primary contractor, civil engineer, or
21 architect shall submit to the assessor a statement that shall identify
22 those specific portions of the project that constitute construction,
23 installation, removal, or modification improvements to the building
24 or structure to make the building or structure more accessible to,
25 or usable by, a disabled person.
26 (f) For the purposes of the exclusion provided for in subdivision
27 (a), the construction, improvement, modification, or alteration of
28 an existing building or structure may include, but is not limited
29 to, access ramps, widening of doorways and hallways, barrier
30 removal, access modifications to restroom facilities, elevators, and
31 any other accessibility modification of a building or structure that
32 would cause it to meet or exceed the accessibility standards of the
33 1990 Americans with Disabilities Act (Public Law 101-336) and
34 the most recent edition to the California Building Standards Code
35 that is in effect on the date of the application for a building permit.
36 (g) In order to receive the exclusion provided for in this section,
37 the property owner shall notify the assessor prior to, or within 30
38 days of, completion of any project covered by this section that he
39 or she intends to claim the exclusion for making improvements of
40 the type specified in subdivision (a). The State Board of

1 Equalization shall prescribe the manner and form for claiming the
2 exclusion. All documents necessary to support the exclusion shall
3 be filed by the property owner with the assessor not later than six
4 months after the completion of the project.

5 (h) This section applies to any construction, installation,
6 removal, or modification completed on or after June 7, 1994.

7 SEC. 5. Section 75.23 of the Revenue and Taxation Code is
8 repealed.

9 ~~75.23. (a) Notwithstanding any other provision of law, in the~~
10 ~~case of a supplemental assessment on property that has undergone~~
11 ~~a change in ownership, an exemption that was granted to that~~
12 ~~property on the current roll or the roll being prepared shall not~~
13 ~~apply to that property as of the date of the change in ownership if~~
14 ~~the transferee did not otherwise qualify for that exemption on the~~
15 ~~date of the change in ownership. This subdivision shall not be~~
16 ~~construed to preclude a transferee from qualifying, on and after~~
17 ~~the date of a change in ownership, for an exemption for that~~
18 ~~property that is otherwise provided by law.~~

19 ~~(b) Subdivision (a) does not apply to property that was granted~~
20 ~~the homeowners' exemption on the current roll or the roll being~~
21 ~~prepared.~~

22 SEC. 6. Section 205.5 of the Revenue and Taxation Code is
23 amended to read:

24 205.5. (a) Property that constitutes the principal place of
25 residence of a veteran, that is owned by the veteran, the veteran's
26 spouse, or the veteran and the veteran's spouse jointly, is exempted
27 from taxation on that part of the full value of the residence that
28 does not exceed one hundred thousand dollars (\$100,000), as
29 adjusted for the relevant assessment year as provided in subdivision
30 (h), if the veteran is blind in both eyes, has lost the use of two or
31 more limbs, or if the veteran is totally disabled as a result of injury
32 or disease incurred in military service. The one hundred thousand
33 dollar (\$100,000) exemption shall be one hundred fifty thousand
34 dollars (\$150,000), as adjusted for the relevant assessment year as
35 provided in subdivision (h), in the case of an eligible veteran whose
36 household income does not exceed the amount of forty thousand
37 dollars (\$40,000), as adjusted for the relevant assessment year as
38 provided in subdivision (g).

39 (b) (1) For purposes of this section, "veteran" means either of
40 the following:

1 (A) A veteran as specified in subdivision (o) of Section 3 of
2 Article XIII of the California Constitution without regard to any
3 limitation contained therein on the value of property owned by the
4 veteran or the veteran's spouse.

5 (B) Any person who would qualify as a veteran pursuant to
6 ~~paragraph (1)~~ *subparagraph (A)* except that he or she has, as a
7 result of a service-connected injury or disease, died while on active
8 duty in military service. The United States Department of Veterans
9 Affairs shall determine whether an injury or disease is service
10 connected.

11 (2) For purposes of this section, property is deemed to be the
12 principal place of residence of a veteran, disabled as described in
13 subdivision (a), who is confined to a hospital or other care facility,
14 if that property would be that veteran's principal place of residence
15 were it not for his or her confinement to a hospital or other care
16 facility, provided that the residence is not rented or leased to a
17 third party. A family member that resides at the residence is not
18 considered to be a third party.

19 (c) (1) Property that is owned by, and that constitutes the
20 principal place of residence of, the unmarried surviving spouse of
21 a deceased veteran is exempt from taxation on that part of the full
22 value of the residence that does not exceed one hundred thousand
23 dollars (\$100,000), as adjusted for the relevant assessment year as
24 provided in subdivision (h), in the case of a veteran who was blind
25 in both eyes, had lost the use of two or more limbs, or was totally
26 disabled provided that either of the following conditions is met:

27 (A) The deceased veteran during his or her lifetime qualified
28 in all respects for the exemption or would have qualified for the
29 exemption under the laws effective on January 1, 1977, except
30 that the veteran died prior to January 1, 1977.

31 (B) The veteran died from a disease that was service connected
32 as determined by the United States Department of Veterans Affairs.

33 The one hundred thousand dollar (\$100,000) exemption shall
34 be one hundred fifty thousand dollars (\$150,000), as adjusted for
35 the relevant assessment year as provided in subdivision (h), in the
36 case of an eligible unmarried surviving spouse whose household
37 income does not exceed the amount of forty thousand dollars
38 (\$40,000), as adjusted for the relevant assessment year as provided
39 in subdivision (g).

1 (2) Commencing with the 1994–95 fiscal year, property that is
2 owned by, and that constitutes the principal place of residence of,
3 the unmarried surviving spouse of a veteran as described in
4 ~~paragraph (2) of subparagraph (B) of paragraph (1) of subdivision~~
5 (b) is exempt from taxation on that part of the full value of the
6 residence that does not exceed one hundred thousand dollars
7 (\$100,000), as adjusted for the relevant assessment year as provided
8 in subdivision (h). The one hundred thousand dollar (\$100,000)
9 exemption shall be one hundred fifty thousand dollars (\$150,000),
10 as adjusted for the relevant assessment year as provided in
11 subdivision (h), in the case of an eligible unmarried surviving
12 spouse whose household income does not exceed the amount of
13 forty thousand dollars (\$40,000), as adjusted for the relevant
14 assessment year as provided in subdivision (g).

15 (3) *Beginning with the 2012–13 fiscal year and for each fiscal*
16 *year thereafter, property is deemed to be the principal place of*
17 *residence of the unmarried surviving spouse of a deceased veteran*
18 *pursuant to paragraph (1) or (2), who is confined to a hospital or*
19 *other care facility, if that property would be the unmarried*
20 *surviving spouse’s principal place of residence were it not for his*
21 *or her confinement to a hospital or other care facility, provided*
22 *that the residence is not rented or leased to a third party. For*
23 *purposes of this paragraph, a family member who resides at the*
24 *residence is not considered to be a third party.*

25 (d) As used in this section, “property that is owned by a veteran”
26 or “property that is owned by the veteran’s unmarried surviving
27 spouse” includes all of the following:

28 (1) Property owned by the veteran with the veteran’s spouse as
29 a joint tenancy, tenancy in common, or as community property.

30 (2) Property owned by the veteran or the veteran’s spouse as
31 separate property.

32 (3) Property owned with one or more other persons to the extent
33 of the interest owned by the veteran, the veteran’s spouse, or both
34 the veteran and the veteran’s spouse.

35 (4) Property owned by the veteran’s unmarried surviving spouse
36 with one or more other persons to the extent of the interest owned
37 by the veteran’s unmarried surviving spouse.

38 (5) So much of the property of a corporation as constitutes the
39 principal place of residence of a veteran or a veteran’s unmarried
40 surviving spouse when the veteran, or the veteran’s spouse, or the

1 veteran's unmarried surviving spouse is a shareholder of the
2 corporation and the rights of shareholding entitle one to the
3 possession of property, legal title to which is owned by the
4 corporation. The exemption provided by this paragraph shall be
5 shown on the local roll and shall reduce the full value of the
6 corporate property. Notwithstanding any provision of law or
7 articles of incorporation or bylaws of a corporation described in
8 this paragraph, any reduction of property taxes paid by the
9 corporation shall reflect an equal reduction in any charges by the
10 corporation to the person who, by reason of qualifying for the
11 exemption, made possible the reduction for the corporation.

12 (e) For purposes of this section, being blind in both eyes means
13 having a visual acuity of 5/200 or less, or concentric contraction
14 of the visual field to 5 degrees or less; losing the use of a limb
15 means that the limb has been amputated or its use has been lost
16 by reason of ankylosis, progressive muscular dystrophies, or
17 paralysis; and being totally disabled means that the United States
18 Department of Veterans Affairs or the military service from which
19 the veteran was discharged has rated the disability at 100 percent
20 or has rated the disability compensation at 100 percent by reason
21 of being unable to secure or follow a substantially gainful
22 occupation.

23 (f) An exemption granted to a claimant in accordance with the
24 provisions of this section shall be in lieu of the veteran's exemption
25 provided by subdivisions (o), (p), (q), and (r) of Section 3 of Article
26 XIII of the California Constitution and any other real property tax
27 exemption to which the claimant may be entitled. No other real
28 property tax exemption may be granted to any other person with
29 respect to the same residence for which an exemption has been
30 granted under the provisions of this section; provided, that if two
31 or more veterans qualified pursuant to this section coown a property
32 in which they reside, each is entitled to the exemption to the extent
33 of his or her interest.

34 (g) Commencing on January 1, 2002, and for each assessment
35 year thereafter, the household income limit shall be compounded
36 annually by an inflation factor that is the annual percentage change,
37 measured from February to February of the two previous
38 assessment years, rounded to the nearest one-thousandth of 1
39 percent, in the California Consumer Price Index for all items, as
40 determined by the California Department of Industrial Relations.

1 (h) Commencing on January 1, 2006, and for each assessment
2 year thereafter, the exemption amounts set forth in subdivisions
3 (a) and (c) shall be compounded annually by an inflation factor
4 that is the annual percentage change, measured from February to
5 February of the two previous assessment years, rounded to the
6 nearest one-thousandth of 1 percent, in the California Consumer
7 Price Index for all items, as determined by the California
8 Department of Industrial Relations.

9 SEC. 7. Section 271.5 is added to the Revenue and Taxation
10 Code, to read:

11 271.5. (a) In the event that property receiving the college,
12 cemetery, church, religious, exhibition, veterans' organization,
13 tribal housing, or welfare exemption is sold or otherwise
14 transferred, the exemption shall cease to apply on the date of that
15 sale or transfer. A new exemption shall be available subject to the
16 provisions of Section 271.

17 (b) Termination of the exemption under this section shall result
18 in an escape assessment of the property pursuant to Section 531.1.

19 SEC. 8. Section 276.2 of the Revenue and Taxation Code is
20 amended to read:

21 276.2. (a) If property becomes eligible for the disabled
22 veterans' exemption as described in Section 205.5 after the lien
23 date, and an appropriate application for that exemption is filed on
24 ~~or before the lien date in the calendar year next following the~~
25 ~~calendar year in which~~ *the later of 90 days after the date on which*
26 *the property became eligible or on or before the next following*
27 *lien date*, there shall be canceled or refunded the amount of any
28 taxes, including any interest and penalties thereon, levied on that
29 portion of the assessed value of the property that would have been
30 exempt under a timely and appropriate application.

31 (b) The entire amount of the exemption applies to any property
32 tax assessment, including a supplemental and escape assessment,
33 that was made and that served as a lien against the property. The
34 exemption amount shall be appropriately prorated from the date
35 the property became eligible for the exemption.

36 SEC. 9. Section 278 of the Revenue and Taxation Code is
37 amended to read:

38 ~~278. For the 1977-78 fiscal year and thereafter, county~~
39 ~~assessors~~ *Prior to the lien date, the assessor shall each year*
40 *annually* mail a notice to all ~~disabled veterans~~ *claimants* who

1 received the disabled veterans' exemption in the immediately
2 preceding year, except where such person has transferred title in
3 the property since the immediately preceding lien date. The notice
4 shall inform the taxpayer of the requirements that must be met in
5 order to be eligible for the exemption, of the penalties if the
6 taxpayer allows the exemption to continue when he *or she* is not
7 eligible for the exemption, and of his *or her* duty to inform the
8 assessor when he *or she* is no longer eligible for the exemption.

9 SEC. 10. Section 279 of the Revenue and Taxation Code is
10 amended to read:

11 279. (a) A claim for the disabled veterans' property tax
12 exemption described in Section 205.5 filed by the owner of a
13 dwelling, once granted, shall remain in continuous effect unless
14 any of the following occurs:

15 (1) Title to the property changes.

16 (2) The owner does not occupy the dwelling as his or her
17 principal place of residence on the lien date.

18 (A) If a veteran *or an unmarried surviving spouse of a deceased*
19 *veteran* is, on the lien date, confined to a hospital or other care
20 facility but principally resided at a dwelling immediately prior to
21 that confinement, the veteran *or the unmarried surviving spouse*
22 *of a deceased veteran* will be deemed to occupy that same dwelling
23 as his or her principal place of residence on the lien date, provided
24 that the dwelling has not been rented or leased as described in
25 Section 205.5.

26 (B) If a person receiving the disabled veterans' exemption is
27 not occupying the dwelling on the lien date because the dwelling
28 was damaged in a misfortune or calamity, the person will be
29 deemed to occupy that same dwelling as his or her principal place
30 of residence on the lien date, provided the person's absence from
31 the dwelling is temporary and the person intends to return to the
32 dwelling when possible to do so. Except as provided in
33 subparagraph (C), when a dwelling has been totally destroyed, and
34 thus no dwelling exists on the lien date, the exemption provided
35 by Section 205.5 is not applicable until the structure has been
36 replaced and is occupied as a dwelling.

37 (C) A dwelling that was totally destroyed in a disaster for which
38 the Governor proclaimed a state of emergency, that qualified for
39 the exemption provided by Section 205.5 and has not changed
40 ownership since the disaster, will be deemed occupied by the

1 person receiving a disabled veterans' exemption on the lien date
2 provided the person intends to reconstruct a dwelling on the
3 property and occupy the dwelling as his or her principal place of
4 residence when it is possible to do so.

5 (3) The property is altered so that it is no longer a dwelling.

6 (4) The veteran is no longer disabled as defined in Section 205.5.

7 (b) The assessor of each county shall verify the continued
8 eligibility of each person receiving a disabled veterans' exemption,
9 and shall provide for a periodic audit of, and establish a control
10 system to monitor, disabled veterans' exemption claims.

11 SEC. 11. Section 483 of the Revenue and Taxation Code is
12 amended to read:

13 483. (a) If the assessee establishes to the satisfaction of the
14 county board of ~~supervisors~~ *equalization or the assessment appeals*
15 *board* that the failure to file the change in ownership statement
16 within the time required by subdivision (a) of Section 482 was due
17 to reasonable cause and not due to willful neglect, and has filed
18 the statement with the assessor, the county board of ~~supervisors~~
19 *equalization or the assessment appeals board* may order the penalty
20 abated, provided the assessee has filed with the county board of
21 ~~supervisors~~ *equalization or the assessment appeals board* a written
22 application for abatement of the penalty no later than 60 days after
23 the date on which the assessee was notified of the penalty.

24 If the penalty is abated it shall be canceled or refunded in the
25 same manner as an amount of tax erroneously charged or collected.

26 (b) The provisions of subdivision (a) shall not apply in any
27 county in which the board of supervisors adopts a resolution to
28 that effect. In that county the penalty provided for in subdivision
29 (a) of Section 482 shall be abated if the assessee files the change
30 of ownership statement with the assessor no later than 60 days
31 after the date on which the assessee was notified of the penalty.

32 If the penalty is abated it shall be canceled or refunded in the
33 same manner as an amount of tax erroneously charged or collected.

34 (c) If a person or legal entity establishes to the satisfaction of
35 the county board of ~~supervisors~~ *equalization or the assessment*
36 *appeals board* that the failure to file the change in ownership
37 statement within the time required by subdivision (b) of Section
38 482 was due to reasonable cause and not due to willful neglect,
39 and has filed the statement with the State Board of Equalization,
40 the county board of ~~supervisors~~ *equalization or the assessment*

1 *appeals board* may order the penalty be abated, provided the person
2 or legal entity has filed with the county board of ~~supervisors~~
3 *equalization or the assessment appeals board* a written application
4 for abatement of the penalty no later than 60 days after the date
5 on which the person or legal entity was notified of the penalty by
6 the assessor.

7 If the penalty is abated by the county board of ~~supervisors~~
8 *equalization or the assessment appeals board*, it shall be canceled
9 or refunded in the same manner as an amount of tax erroneously
10 charged or collected.

11 SEC. 12. Section 531.1 of the Revenue and Taxation Code is
12 amended to read:

13 531.1. Upon the termination of an exemption pursuant to
14 Section 271.5 or 276.3, upon receipt of a notice pursuant to Section
15 284, or upon indication from any audit or other source that an
16 exemption has been incorrectly allowed, the assessor shall make
17 a redetermination of eligibility for the exemption. If an exemption
18 or any portion of an exemption has been terminated or has been
19 incorrectly allowed, an escape assessment in the amount of the
20 exemption, or that portion of the exemption that has been
21 terminated or erroneously allowed, with interest as provided in
22 Section 506, shall be made; except that where the exemption was
23 terminated pursuant to Section 271.5 or 276.3 or where the
24 exemption or a portion of the exemption was allowed as the result
25 of an assessor's error, the amount of interest shall be forgiven. If
26 the exemption was incorrectly allowed because of erroneous or
27 incorrect information submitted by the claimant with knowledge
28 that the information was erroneous or incomplete, the penalty
29 provided in Section 504 shall be added to the assessment.

30 SEC. 13. Section 830 of the Revenue and Taxation Code is
31 amended to read:

32 830. (a) If the request of the board is mailed before the lien
33 date as defined in Section 722, the property statement shall be filed
34 with the board by March 1, and shall be in such detail as the board
35 may prescribe.

36 (b) If the request of the board is mailed on or after the first day
37 of January following the lien date, the property statement shall be
38 filed with the board within 60 days after the request is mailed.

39 (c) Except as hereinafter provided, if any person fails to file the
40 property statement, in whole or in part, by March 1, or by that later

1 date to which the filing period is extended pursuant to subdivision
2 (b) or Section 830.1, a penalty shall be added to the full value of
3 the assessment of so much of the property as is not timely reported
4 as follows:

5 (1) For any part of the property statement relating to the
6 development of the unit value of operating property, the penalty
7 shall be 10 percent of the unit value.

8 (2) For any part of the property statement, not relating to the
9 development of the unit value of operating property, that lists or
10 describes specific operating property, the penalty shall be 10
11 percent of the allocated value of the property, which penalty shall
12 be added to the unit value.

13 (3) For any part of the property statement that lists or describes
14 specific nonunitary property, the penalty shall be 10 percent of the
15 value of the property.

16 (4) If the failure to timely file a property statement is due to a
17 fraudulent or willful attempt to evade the tax, a penalty of 25
18 percent of the assessed value of the estimated assessment shall be
19 added to the assessment. A willful failure to file a property
20 statement as required by Article 5 (commencing with Section 826)
21 shall be deemed to be a willful attempt to evade the tax.

22 (5) No penalty added pursuant to paragraph (1), (2), (3), or (4)
23 may exceed twenty million dollars (\$20,000,000) of full value. In
24 addition, if a penalty has been added pursuant to paragraph (1),
25 (2), or (3), if a claim for refund seeking the recovery of that penalty
26 has been filed by the state assessee contesting the penalty within
27 three months of the due date of the second installment, and the
28 state assessee initiates an action in the superior court within one
29 year of the filing of the claim for refund, the state assessee is not
30 subject to any further penalties on subsequent assessments for
31 failure to comply with any subsequent request seeking information
32 or data with respect to the same issue as set forth in the claim for
33 refund filed within the time limits set forth above, until the
34 assessment year after a final decision of the court, and then only
35 with respect to a failure to comply with a request for information
36 with respect to assessments after a final decision of the court. For
37 purposes of this paragraph, “same issue” means the type of
38 information that is the subject of the disputed request for
39 information.

1 (d) Any person who subscribes to the board's tax rate area
2 change service and who receives a change mailed between April
3 1 and May 1, shall file a corrected statement no later than May 30
4 with respect to those parts of the property statement that are
5 affected by the change.

6 If that person receives a change mailed after May 1, a corrected
7 statement shall be filed no later than the 60th day following the
8 mailing of that change.

9 (e) Penalties incurred for filings received after June 30 may be
10 included with the assessments for the succeeding fiscal year.

11 (f) If the assessee establishes to the satisfaction of the board
12 that the failure to file the property statement or any of its parts
13 within the time required by this section was due to reasonable
14 cause and occurred notwithstanding the exercise of ordinary care
15 and the absence of willful neglect, the board shall order the penalty
16 abated, *in whole or in part*, provided the assessee has filed with
17 the board written application for abatement of the penalty within
18 the time prescribed by law for the filing of applications for
19 assessment reductions.

20 SEC. 14. Section 862 of the Revenue and Taxation Code is
21 amended to read:

22 862. When an assessee, after a request by the board, fails to
23 file a property statement by the date specified in Section 830 or
24 files with the board a property statement or report on a form
25 prescribed by the board with respect to state-assessed property and
26 the statement fails to report any taxable tangible property
27 information accurately, regardless of whether or not this
28 information is available to the assessee, to the extent that these
29 failures cause the board not to assess the property or to assess it
30 at a lower valuation than it would have if the property information
31 had been reported accurately, the property shall be assessed in
32 accordance with Section 864, and a penalty of 10 percent shall be
33 added to the additional assessment. If the failure to report or the
34 failure to report accurately is willful or fraudulent, a penalty of 25
35 percent shall be added to the additional assessment. If the assessee
36 establishes to the satisfaction of the board that the failure to file
37 an accurate property statement was due to reasonable cause and
38 occurred notwithstanding the exercise of ordinary care and the
39 absence of willful neglect, the board shall order the penalty abated,
40 *in whole or in part*, provided that the assessee has filed with the

1 board written application for abatement of the penalty within the
2 time prescribed by law for the filing of applications for assessment
3 reductions.

4 SEC. 15. Section 4831 of the Revenue and Taxation Code is
5 amended to read:

6 4831. Incorrect entries on a roll may be corrected under this
7 article as follows:

8 (a) (1) Any error or omission not involving the exercise of
9 assessor value judgment may be corrected within four years after
10 the making of the assessment being corrected.

11 (2) Notwithstanding paragraph (1), the four-year limit shall not
12 apply to escape assessments caused by the assessee's failure to
13 report the information required by Article 2 (commencing with
14 Section 441) of Chapter 3 of Part 2.

15 (b) Any error or omission not involving the exercise of assessor
16 value judgment that is discovered as a result of any audit may be
17 corrected within six months after the completion of the audit.

18 (c) Any error or omission involving the exercise of assessor
19 value judgment that arises solely from a failure to reflect a decline
20 in the taxable value of real property, *floating homes subject to*
21 *taxation pursuant to Section 229, and manufactured homes subject*
22 *to taxation under Part 13 (commencing with Section 5800)*, as
23 required by paragraph (2) of subdivision (a) of Section 51 shall
24 only be corrected within one year after the making of the
25 assessment that is being corrected.

26 (d) Taxes that are not a lien or charge on the property assessed
27 may be transferred from the secured roll to the unsecured roll of
28 the corresponding year by the county auditor. These taxes shall be
29 collected in the same manner as other delinquent taxes on the
30 unsecured roll and shall be subject to delinquent penalties in the
31 same manner as taxes transferred to the unsecured roll under
32 Section 5090. The statute of limitations for the collection of those
33 taxes shall commence to run from the date of transfer.

34 SEC. 16. Section 11551 of the Revenue and Taxation Code is
35 amended to read:

36 11551. If the board determines that any amount, penalty, or
37 interest has been paid more than once or has been erroneously or
38 illegally collected or computed, the board shall set forth that fact
39 in the records of the board and shall certify the amount collected
40 in excess of the amount legally due and the person from whom it

1 was collected or by whom paid. The excess amount collected or
2 paid shall be credited by the board on any amounts then due and
3 payable from the person from whom the excess amount was
4 collected or by whom it was paid under this part, and the balance
5 shall be refunded to the person, or his or her successors,
6 administrators, or executors. Any proposed determination by the
7 board pursuant to this section with respect to an amount in excess
8 of ~~fifteen~~ *fifty* thousand dollars ~~(\$15,000)~~ *(\$50,000)* shall be
9 available as a public record for at least 10 days prior to the effective
10 date of that determination.

11 SEC. 17. Section 11596 of the Revenue and Taxation Code is
12 amended to read:

13 11596. If any amount for taxes, penalty, and interest has been
14 illegally determined either by the person filing the return or by the
15 board, the board shall set forth that fact in its records, certify the
16 amount determined to be in excess of the amount legally due and
17 the person against whom the determination was made, and
18 authorize the cancellation of the amount upon the records of the
19 board. Any proposed determination by the board pursuant to this
20 section with respect to an amount in excess of ~~fifteen~~ *fifty* thousand
21 dollars ~~(\$15,000)~~ *(\$50,000)* shall be available as a public record
22 for at least 10 days prior to the effective date of that determination.

23 SEC. 18. No reimbursement is required by this act pursuant to
24 Section 6 of Article XIII B of the California Constitution for certain
25 costs that may be incurred by a local agency or school district
26 because, in that regard, this act creates a new crime or infraction,
27 eliminates a crime or infraction, or changes the penalty for a crime
28 or infraction, within the meaning of Section 17556 of the
29 Government Code, or changes the definition of a crime within the
30 meaning of Section 6 of Article XIII B of the California
31 Constitution.

32 However, if the Commission on State Mandates determines that
33 this act contains other costs mandated by the state, reimbursement
34 to local agencies and school districts for those costs shall be made
35 pursuant to Part 7 (commencing with Section 17500) of Division
36 4 of Title 2 of the Government Code.

37 SEC. 19. Notwithstanding Section 2229 of the Revenue and
38 Taxation Code, no appropriation is made by this act and the state

- 1 shall not reimburse any local agency for any property tax revenues
- 2 lost by it pursuant to this act.

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