

AMENDED IN SENATE JUNE 17, 2014
AMENDED IN ASSEMBLY JANUARY 6, 2014
AMENDED IN ASSEMBLY MARCH 21, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1172

Introduced by Assembly Member Bocanegra

February 22, 2013

~~An act to add and repeal Section 169.5 of the Revenue and Taxation Code, relating to taxation.~~ *An act to repeal and add Section 17755 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1172, as amended, Bocanegra. ~~Property tax: portability study.~~
Income taxes: charitable remainder trusts.

The Personal Income Tax Law does not conform to specified provisions of federal law relating to the taxation of specified trusts. Existing law exempts from tax for the taxable year any charitable remainder annuity trust or charitable remainder unitrust unless that trust has unrelated business taxable income for the taxable year, in which case that trust shall be subject to tax, as provided.

This bill, for taxable years beginning on or after January 1, 2014, would conform, as modified, to the federal provisions for a charitable remainder annuity trust and a charitable remainder unitrust by providing that a trust shall remain tax-exempt, even if that trust has unrelated business taxable income, in which case that income shall be taxed as provided.

This bill would take effect immediately as a tax levy.

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. The California Constitution authorizes the Legislature to provide that a severely disabled person and a person over 55 years of age may transfer the base year value, as defined, of property that is eligible for the homeowners’ property tax exemption to a replacement dwelling that is of equal or lesser value located within the same county as the property from which the base year value is transferred, and if a county ordinance so providing has been adopted, to a replacement dwelling that is located in a different county.

This bill would require the California Research Bureau to provide the Legislature, on or before December 1, 2015, with a report regarding the revenue impact of Florida’s “Save Our Homes” portability law, which allows a homeowner to transfer the difference between market value and assessed value from one home to another, and the potential state and local revenue impacts of the enactment of a similar statute in California.

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

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

- 1 SECTION 1. Section 17755 of the Revenue and Taxation Code
- 2 is repealed.
- 3 17755. ~~Section 664(e) of the Internal Revenue Code, relating~~
- 4 ~~to the taxation of trusts, shall not apply and, in lieu thereof, a~~
- 5 ~~charitable remainder annuity trust and a charitable remainder~~
- 6 ~~unitrust shall, for any taxable year, not be subject to any tax~~
- 7 ~~imposed under this part, unless that trust, for the taxable year, has~~
- 8 ~~unrelated business taxable income, within the meaning of Section~~
- 9 ~~23732, determined as if Chapter 4 (commencing with Section~~
- 10 ~~23701) of Part 11, applied to that trust.~~
- 11 SEC. 2. Section 17755 is added to the Revenue and Taxation
- 12 Code, to read:
- 13 17755. For taxable years beginning on or after January 1,
- 14 2014, Section 664(c)(2) of the Internal Revenue Code, relating to

1 *excise tax, shall not apply and, in lieu thereof, the unrelated*
2 *business taxable income, as defined in Section 23732, of every*
3 *charitable remainder annuity trust or charitable remainder unitrust*
4 *shall be subject to tax under Section 17651.*

5 *SEC. 3. This act provides for a tax levy within the meaning of*
6 *Article IV of the Constitution and shall go into immediate effect.*

7 ~~SECTION 1. Section 169.5 is added to the Revenue and~~
8 ~~Taxation Code, to read:~~

9 ~~169.5. (a) On or before December 1, 2015, the California~~
10 ~~Research Bureau shall provide the Legislature with a report~~
11 ~~regarding Florida's "Save Our Homes" portability statute (Fla.~~
12 ~~Stat. Sec. 193.155(8)), evaluating the impact of the statute on~~
13 ~~Florida's state and local revenue and the potential revenue impacts~~
14 ~~upon California if a similar statute were enacted within the state.~~

15 ~~(b) (1) A report to the Legislature pursuant to this section shall~~
16 ~~be submitted in compliance with Section 9795 of the Government~~
17 ~~Code.~~

18 ~~(2) Pursuant to Section 10231.5 of the Government Code, this~~
19 ~~section is repealed on December 1, 2019.~~