

AMENDED IN SENATE APRIL 1, 2014

SENATE BILL

No. 1113

Introduced by Senator Knight

February 19, 2014

An act to amend Section 890.3 of the Military and Veterans Code, and to amend Section 5097 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1113, as amended, Knight. Property taxation: disabled veterans' exemption: refunds: statute of limitations.

Existing tax law provides, pursuant to an authorization of the California Constitution, for the exemption from property taxation of specified amounts of the assessed value of the home of a disabled veteran, or a veteran's *unmarried surviving* spouse in the case in which the ~~person~~ *veteran* has, as a result of a service-connected disease or injury, died while on active duty in military service, contingent upon a claim being filed, as specified. ~~Existing law requires, if the exemption would have been available but for the claimant's failure to receive a timely disability rating from the United States Department of Veterans Affairs, 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 claim, provided a claimant meets certain filing requirements.~~ Existing law requires property taxes to be refunded upon the filing of a claim within 4 years after making the payment sought to be refunded.

This bill would, if a claim for a refund is filed ~~under the circumstances described above~~ for the disabled veterans' exemption on or after January 1, 2015, extend the period of time for which a refund is required to be

made from 4 years to 8 years. This bill would also correct an incorrect cross reference in a related provision.

By changing the manner in which local county officials administer property tax refunds with respect to the disabled veterans' exemption, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

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. The Legislature finds and declares all of the
2 following:

3 (a) The disabled veterans' property tax exemption law ~~provides~~
4 honors and recognizes the service and sacrifice that members of
5 the military and their families gave, and continue to give, to this
6 country.

7 (b) The disabled veterans' property tax exemption helps disabled
8 veterans defray the property taxes due on their homes. However,
9 this benefit provided by the state cannot be granted until the United
10 States Department of Veterans Affairs issues the disabled veteran
11 a 100 percent disability rating. In some cases, it can take many
12 years for the veteran to obtain the required 100 percent disability
13 rating. In these instances, the limitations on refunds of property
14 taxes paid can preclude veterans from receiving the benefit as of
15 their effective disability date.

16 (c) The voters of California have repeatedly affirmed their
17 support and commitment to disabled veterans and their spouses
18 by approving needed changes to this constitutionally provided
19 property tax exemption.

20 (d) By expanding the period to file a claim for refund, this act
21 implements subdivision (a) of Section 4 of Article XIII of the
22 California Constitution, and thereby fulfills a valid public purpose
23 of relieving economic hardship on persons and their spouses,

1 including unmarried surviving spouses, that have incurred injury
2 or death in military service to this country.

3 SEC. 2. Section 890.3 of the Military and Veterans Code is
4 amended to read:

5 890.3. (a) (1) Notwithstanding any other law, on or after
6 January 1, 2001, a claimant is not ineligible for a disabled veterans'
7 benefit for lack of certification of disability of the veteran with
8 respect to whom the benefit is sought, if there is a currently pending
9 application to the United States Department of Veterans Affairs
10 (USDVA) for certification of disability for that veteran and the
11 subsequently received certification qualifies the veteran for the
12 benefit. An entity of state government, or any political subdivision
13 thereof, to which a claim for a disabled veterans' benefit is made,
14 shall require the claimant to provide written verification that an
15 application had been pending with the USDVA at the time the
16 claim for the disabled veterans' benefit is submitted.

17 (2) For purposes of this subdivision, "disabled veterans benefit"
18 means an exemption, privilege, service, or other legal benefit that
19 is provided pursuant to law by the state, or a political subdivision
20 thereof, exclusively to a disabled veteran, or his or her surviving
21 spouse, parent, or child.

22 (b) (1) For purposes of applying the disabled veterans' property
23 tax exemption set forth in Section 205.5 of the Revenue and
24 Taxation Code, any amount of tax, including any interest or penalty
25 thereon, levied upon that portion of the assessed value of real
26 property that would have been exempt if the veteran's pending
27 application for certification of disability had been finalized, shall
28 be canceled or refunded if both of the following conditions are
29 met:

30 (A) The certification is received and is forwarded to the county
31 assessor.

32 (B) A return is made as required by Section 277 of the Revenue
33 and Taxation Code.

34 (2) Any refund issued pursuant to this subdivision is subject to
35 the limitations periods for refunds set forth in Section 5097 of the
36 Revenue and Taxation Code.

37 SEC. 3. Section 5097 of the Revenue and Taxation Code is
38 amended to read:

39 5097. (a) An order for a refund under this article shall not be
40 made, except on a claim:

1 (1) Verified by the person who paid the tax, his or her guardian,
2 executor, or administrator.

3 (2) Except as provided in paragraph (3) or (4), filed within four
4 years after making the payment sought to be refunded, or within
5 one year after the mailing of notice as prescribed in Section 2635,
6 or the period agreed to as provided in Section 532.1, or within 60
7 days of the date of the notice prescribed by subdivision (a) of
8 Section 4836, whichever is later.

9 (3) (A) Filed within one year, if an application for a reduction
10 in an assessment or an application for equalization of an assessment
11 has been filed pursuant to Section 1603 and the applicant does not
12 state in the application that the application is intended to constitute
13 a claim for a refund, of either of the following events, whichever
14 occurs first:

15 (i) After the county assessment appeals board makes a final
16 determination on the application for reduction in assessment or on
17 the application for equalization of an escape assessment of the
18 property, and mails a written notice of its determination to the
19 applicant and the notice does not advise the applicant to file a claim
20 for refund.

21 (ii) After the expiration of the time period specified in
22 subdivision (c) of Section 1604 if the county assessment appeals
23 board fails to hear evidence and fails to make a final determination
24 on the application for reduction in assessment or on the application
25 for equalization of an escape assessment of the property.

26 (B) Filed within six months, if an application for a reduction in
27 an assessment or an application for equalization of an assessment
28 has been filed pursuant to Section 1603 and the applicant does not
29 state in the application that the application is intended to constitute
30 a claim for a refund, after the county assessment appeals board
31 makes a final determination on the application for reduction in
32 assessment or on the application for equalization of an escape
33 assessment, and mails a written notice of its determination to the
34 applicant and the notice advises the applicant to file a claim for
35 refund within six months of the date of the county assessment
36 appeals board's final determination.

37 (4) Filed within eight years after making the payment sought
38 to be refunded, if the claim *for refund* is filed on or after January
39 1, 2015, ~~pursuant to Section 276.1 and relates to the disabled~~
40 *veterans' exemption described in Section 205.5.*

1 (b) An application for a reduction in an assessment filed pursuant
2 to Section 1603 shall also constitute a sufficient claim for refund
3 under this section if the applicant states in the application that the
4 application is intended to constitute a claim for refund. If the
5 applicant does not so state, he or she may thereafter and within
6 the period provided in paragraph (3) of subdivision (a) file a
7 separate claim for refund of taxes extended on the assessment
8 which the applicant applied to have reduced pursuant to Section
9 1603 or Section 1604.

10 (c) If an application for equalization of an escape assessment
11 is filed pursuant to Section 1603, a claim may be filed on any taxes
12 resulting from the escape assessment or the original assessment
13 to which the escape relates within the period provided in paragraph
14 (3) of subdivision (a).

15 (d) The amendments made to this section by the act adding this
16 subdivision shall apply to claims *for refund* filed on or after January
17 1, 2015.

18 SEC. 4. If the Commission on State Mandates determines that
19 this act contains costs mandated by the state, reimbursement to
20 local agencies and school districts for those costs shall be made
21 pursuant to Part 7 (commencing with Section 17500) of Division
22 4 of Title 2 of the Government Code.