

AMENDED IN SENATE AUGUST 17, 2015

SENATE BILL

No. 378

Introduced by Senator ~~Morrell~~ *Beall*

February 24, 2015

An act to amend Section ~~17201~~ 69.5 of the Revenue and Taxation Code, relating to ~~taxation~~: *taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 378, as amended, ~~Morrell~~ *Beall*. ~~Income tax: deductions. Property taxation: base year value transfers.~~

(1) *The California Constitution authorizes the Legislature to provide that a person who is either severely disabled or 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, provided the replacement dwelling is purchased or newly constructed within 2 years of the sale of the original property, subject to certain conditions.*

This bill would provide, commencing with the 2016–17 fiscal year, that the base year value of an original property may be transferred to a replacement dwelling that is of greater value, and would require the base year value of the replacement dwelling to be calculated by adding the difference between the full cash value of the original property and the full cash value of the replacement property to the base year value of the original property.

(2) *Existing law defines "full cash value of the replacement dwelling" for purposes of this transfer of property tax base year value to mean the replacement dwelling's full cash value, determined in accordance*

with a specified provision, as of the date on which the replacement dwelling was purchased or new construction was completed.

This bill would provide that full cash value of the replacement dwelling may also mean, in specified circumstances, the base year value of the replacement dwelling at the time the original property is sold.

(3) By changing the manner in which local assessors assess property for property taxation purposes, this bill would impose a state-mandated local program.

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

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

(4) 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.

(5) This bill would take effect immediately as a tax levy, but would become operative only if Senate Constitutional Amendment ___ of the 2015-16 Regular Session is approved by the voters.

~~The Personal Income Tax Law, in conformity or modified conformity to federal income tax laws, allows specified itemized deductions and does not allow a deduction for other items, except as otherwise provided.~~

~~This bill would make technical, nonsubstantive changes to those provisions:~~

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

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

- 1 SECTION 1. Section 69.5 of the Revenue and Taxation Code
- 2 is amended to read:

1 69.5. (a) (1) Notwithstanding any other provision of law,
2 pursuant to subdivision (a) of Section 2 of Article XIII A of the
3 California Constitution, any person over the age of 55 years, or
4 any severely and permanently disabled person, who resides in
5 property that is eligible for the homeowners' exemption under
6 subdivision (k) of Section 3 of Article XIII of the California
7 Constitution and Section 218 may transfer, subject to the conditions
8 and limitations provided in this section, the base year value of that
9 property to *in both of the following circumstances:*

10 (A) *To any replacement dwelling of equal or lesser value that*
11 *is located within the same county and is purchased or newly*
12 *constructed by that person as his or her principal residence within*
13 *two years of the sale by that person of the original property,*
14 *provided that the base year value of the original property shall not*
15 *be transferred to the replacement dwelling until the original*
16 *property is sold.*

17 (B) *To any replacement dwelling of greater value that is located*
18 *within the same county and is purchased or newly constructed by*
19 *that person as his or her principal place of residence within two*
20 *years of the sale by that person of the original property, provided*
21 *that the base year value of the original property shall not be*
22 *transferred to the replacement dwelling until the original property*
23 *is sold. The base year value of the replacement dwelling shall be*
24 *calculated by adding the difference between the full cash value of*
25 *the original property and the full cash value of the replacement*
26 *dwelling to the base year value of the original property.*

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

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

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

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

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

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

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

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

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

36 (3) At the time of the sale of the original property, the claimant
37 or the claimant's spouse who resides with the claimant is at least
38 55 years of age, or is severely and permanently disabled.

39 (4) At the time of claiming the property tax relief provided by
40 subdivision (a), the claimant is an owner of a replacement dwelling

1 and occupies it as his or her principal place of residence and, as a
2 result thereof, the property is currently eligible for the homeowners'
3 exemption or would be eligible for the exemption except that the
4 property is already receiving the exemption because of an
5 exemption claim filed by the previous owner.

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

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

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

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

1 (1) A unit or lot within a cooperative housing corporation, a
2 community apartment project, a condominium project, or a planned
3 unit development. If the unit or lot constitutes the original property
4 of the claimant, the assessor shall transfer to the claimant's
5 replacement dwelling only the base year value of the claimant's
6 unit or lot and his or her share in any common area reserved as an
7 appurtenance of that unit or lot. If the unit or lot constitutes the
8 replacement dwelling of the claimant, the assessor shall transfer
9 the base year value of the claimant's original property only to the
10 unit or lot of the claimant and any share of the claimant in any
11 common area reserved as an appurtenance of that unit or lot.

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

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

31 (B) If the manufactured home or the manufactured home and
32 the land on which it is situated constitutes the claimant's
33 replacement dwelling, the assessor shall transfer the base year
34 value of the claimant's original property either to the manufactured
35 home or the manufactured home and the land on which it is
36 situated, as appropriate. If the manufactured home dwelling that
37 constitutes the replacement dwelling of the claimant includes an
38 interest in a resident-owned mobilehome park, the assessor shall
39 transfer the base year value of the claimant's original property to
40 the manufactured home of the claimant and his or her pro rata

1 portion of the park. No transfer of base year value shall be made
2 by the assessor to that portion of land that does not constitute a
3 part of the replacement dwelling, as provided in paragraph (3) of
4 subdivision (g).

5 This subdivision shall be subject to the limitations specified in
6 subdivision (d).

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

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

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

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

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

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

1 This section shall not apply unless the transfer of the original
2 property is a change in ownership that either (1) subjects that
3 property to reappraisal at its current fair market value in accordance
4 with Section 110.1 or 5803 or (2) results in a base year value
5 determined in accordance with this section, Section 69, or Section
6 69.3 because the property qualifies under this section, Section 69,
7 or Section 69.3 as a replacement dwelling or property.

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

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

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

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

39 (ii) The claimant's substantiation that the primary purpose of
40 the move to the replacement dwelling is to alleviate financial

1 burdens caused by the disability. If the claimant, or the claimant's
2 spouse or guardian, so declares under penalty of perjury, it shall
3 be rebuttably presumed that the primary purpose of the move is
4 to alleviate the financial burdens caused by the disability.

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

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

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

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

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

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

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

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

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

35 (g) For purposes of this section:

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

39 (2) "Base year value of the original property" means its base
40 year value, as determined in accordance with Section 110.1, with

1 the adjustments permitted by subdivision (b) of Section 2 of Article
2 XIII A of the California Constitution and subdivision (f) of Section
3 110.1, determined as of the date immediately prior to the date that
4 the original property is sold by the claimant, or in the case where
5 the original property has been substantially damaged or destroyed
6 by misfortune or calamity and the owner does not rebuild on the
7 original property, determined as of the date immediately prior to
8 the misfortune or calamity.

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

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

36 (4) “Original property” means a building, structure, or other
37 shelter constituting a place of abode, whether real property or
38 personal property, that is owned and occupied by a claimant as his
39 or her principal place of residence, and any land owned by the
40 claimant on which the building, structure, or other shelter is

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

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

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

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

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

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

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

1 (A) In the case where base year value is transferred from an
2 original property to a replacement dwelling that is purchased or
3 newly constructed prior to the date of the sale of the original
4 property and the base year value of the replacement dwelling has
5 decreased since the date of purchase of the replacement dwelling,
6 its full cash value shall be the base year value of the replacement
7 dwelling at the time the original property is sold.

8 (B) In the case of any other transfer of base year value from an
9 original property to a replacement dwelling, its full cash value
10 shall be determined in accordance with Section 110.1, as of the
11 date on which it was purchased or new construction was
12 completed, and after the purchase or the completion of new
13 construction.

14 (7) “Full cash value of the original property” ~~means, either:~~
15 *means either of the following:*

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

23 (B) In the case where the original property has been substantially
24 damaged or destroyed by misfortune or calamity and the owner
25 does not rebuild on the original property, its full cash value, as
26 determined in accordance with Section 110, immediately prior to
27 its substantial damage or destruction by misfortune or calamity,
28 as determined by the county assessor of the county in which the
29 property is located, without the application of subdivision (h) of
30 Section 2 of Article XIII A of the California Constitution, plus the
31 adjustments permitted by subdivision (b) of Section 2 of Article
32 XIII A of the California Constitution and subdivision (f) of Section
33 110.1, for the period from the date of its sale by the claimant to
34 the date on which the replacement property was purchased or new
35 construction was completed.

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

38 (9) “Claimant” means any person claiming the property tax
39 relief provided by this section. If a spouse of that person is a record
40 owner of the replacement dwelling, the spouse is also a claimant

1 for purposes of determining whether in any future claim filed by
2 the spouse under this section the condition of eligibility specified
3 in paragraph (7) of subdivision (b) has been met.

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

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

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

13 (13) For the purposes of this section, property is “substantially
14 damaged or destroyed by misfortune or calamity” if either the land
15 or the improvements sustain physical damage amounting to more
16 than 50 percent of either the land’s or the improvement’s full cash
17 value immediately prior to the misfortune or calamity. Damage
18 includes a diminution in the value of property as a result of
19 restricted access to the property where the restricted access was
20 caused by the misfortune or calamity and is permanent in nature.

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

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

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

28 (C) The date the new construction of the replacement dwelling
29 is completed.

30 (2) Any taxes that were levied on the replacement dwelling prior
31 to the filing of the claim on the basis of the replacement dwelling’s
32 new base year value, and any allowable annual adjustments thereto,
33 shall be canceled or refunded to the claimant to the extent that the
34 taxes exceed the amount that would be due when determined on
35 the basis of the adjusted new base year value.

36 (3) Notwithstanding Section 75.10, Chapter 3.5 (commencing
37 with Section 75) shall be utilized for purposes of implementing
38 this subdivision, including adjustments of the new base year value
39 of replacement dwellings acquired prior to the sale of the original
40 property.

1 (4) In the case where a claim under this section has been timely
2 filed and granted, and new construction is performed upon the
3 replacement dwelling subsequent to the transfer of base year value,
4 the property tax relief provided by this section also shall apply to
5 the replacement dwelling, as improved, and thus there shall be no
6 reassessment upon completion of the new construction ~~if both of~~
7 ~~the following conditions are met:~~ *if:*

8 (A) *In the case of a transfer of base year value from an original*
9 *property to a replacement dwelling that is of equal or lesser value,*
10 *both of the following conditions are met:*

11 ~~(A)~~

12 (i) The new construction is completed within two years of the
13 date of the sale of the original property and the owner notifies the
14 assessor in writing of completion of the new construction within
15 six months after completion.

16 ~~(B)~~

17 (ii) The fair market value of the new construction on the date
18 of completion, plus the full cash value of the replacement dwelling
19 on the date of acquisition, is not more than the full cash value of
20 the original property as determined pursuant to paragraph (7) of
21 subdivision (g) for purposes of granting the original claim.

22 (B) *In the case of a transfer of base year value from an original*
23 *property to a replacement dwelling that is of greater value, the*
24 *new construction is completed within two years of the date of sale*
25 *of the original property and the owner notifies the assessor in*
26 *writing of completion of the new construction within 30 days after*
27 *completion.*

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

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

36 (2) (A) Except as otherwise provided in this paragraph, the
37 notice of rescission is delivered to the office of the assessor before
38 the date that the county first issues, as a result of relief granted
39 under this section, a refund check for property taxes imposed upon
40 the replacement dwelling. If granting relief will not result in a

1 refund of property taxes, then the notice shall be delivered before
2 payment is first made of any property taxes, or any portion thereof,
3 imposed upon the replacement dwelling consistent with relief
4 granted under this section. If payment of the taxes is not made,
5 then notice shall be delivered before the first date that those
6 property taxes, or any portion thereof, imposed upon the
7 replacement dwelling, consistent with relief granted under this
8 section, are delinquent.

9 (B) Notwithstanding any other provision in this division, any
10 time the notice of rescission is delivered to the office of the assessor
11 within six years after relief was granted, provided that the
12 replacement property has been vacated as the claimant's principal
13 place of residence within 90 days after the original claim was filed,
14 regardless of whether the property continues to receive the
15 homeowners' exemption. If the rescission increases the base year
16 value of a property, or the homeowners' exemption has been
17 incorrectly allowed, appropriate escape assessments or
18 supplemental assessments, including interest as provided in Section
19 506, shall be imposed. The limitations periods for any escape
20 assessments or supplemental assessments shall not commence until
21 July 1 of the assessment year in which the notice of rescission is
22 delivered to the office of the assessor.

23 (3) The notice is accompanied by the payment of a fee as the
24 assessor may require, provided that the fee shall not exceed an
25 amount reasonably related to the estimated cost of processing a
26 rescission claim, including both direct costs and developmental
27 and indirect costs, such as costs for overhead, personnel, supplies,
28 materials, office space, and computers.

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

34 (2) With respect to the transfer of base year value of original
35 properties to replacement dwellings located in different counties,
36 except as provided in paragraph (4), this section shall apply to any
37 replacement dwelling that is purchased or newly constructed on
38 or after the date specified in accordance with subparagraph (E) of
39 paragraph (2) of subdivision (a) in the ordinance of the county in
40 which the replacement dwelling is located, but shall not apply to

1 any replacement dwelling which was purchased or newly
2 constructed before November 9, 1988.

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

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

12 (k) (1) In the case in which a county adopts an ordinance
13 pursuant to paragraph (2) of subdivision (a) that establishes an
14 applicable date ~~which~~ *that* is more than three years prior to the
15 date of adoption of the ordinance, those potential claimants who
16 purchased or constructed replacement dwellings more than three
17 years prior to the date of adoption of the ordinance and who would,
18 therefore, be precluded from filing a timely claim, shall be deemed
19 to have timely filed a claim if the claim is filed within three years
20 after the date that the ordinance is adopted. This paragraph may
21 not be construed as a waiver of any other requirement of this
22 section.

23 (2) In the case in which a county assessor corrects a base year
24 value to reflect a pro rata change in ownership of a resident-owned
25 mobilehome park that occurred between January 1, 1989, and
26 January 1, 2002, pursuant to paragraph (4) of subdivision (b) of
27 Section 62.1, those claimants who purchased or constructed
28 replacement dwellings more than three years prior to the correction
29 and who would, therefore, be precluded from filing a timely claim,
30 shall be deemed to have timely filed a claim if the claim is filed
31 within three years of the date of notice of the correction of the base
32 year value to reflect the pro rata change in ownership. This
33 paragraph may not be construed as a waiver of any other
34 requirement of this section.

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

37 (4) The property tax relief provided by this section, but filed
38 under 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 (l) No escape assessment may be levied if a transfer of base
4 year value under this section has been erroneously granted by the
5 assessor pursuant to an expired ordinance authorizing intercounty
6 transfers of base year value.

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

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

13 (B) With respect to the transfer of base year value of original
14 properties to replacement dwellings located in different counties,
15 to any replacement dwelling that is purchased or newly constructed
16 on or after the date specified in accordance with subparagraph (E)
17 of paragraph (2) of subdivision (a) in the ordinance of the county
18 in which the replacement dwelling is located, but not to any
19 replacement dwelling that was purchased or newly constructed
20 before November 9, 1988.

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

24 (2) The property tax relief provided by this section in accordance
25 with this subdivision shall apply prospectively only commencing
26 with the lien date of the assessment year in which the claim is
27 filed. There shall be no refund or cancellation of taxes prior to the
28 date that the claim is filed.

29 (n) A claim filed under this section is not a public document
30 and is not subject to public inspection, except that a claim shall be
31 available for inspection by the claimant or the claimant's spouse,
32 the claimant's or the claimant's spouse's legal representative, the
33 trustee of a trust in which the claimant or the claimant's spouse is
34 a present beneficiary, and the executor or administrator of the
35 claimant's or the claimant's spouse's estate.

36 (o) The amendments made to this section by ~~the act adding this~~
37 ~~subdivision~~ *Chapter 351 of the Statutes of 2011* shall apply
38 commencing with the lien date for the 2012–13 fiscal year.

1 (p) The amendments made to this section by the act adding this
2 subdivision shall apply commencing with the lien date for the
3 2016–17 fiscal year.

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

9 SEC. 3. Notwithstanding Section 2229 of the Revenue and
10 Taxation Code, no appropriation is made by this act and the state
11 shall not reimburse any local agency for any property tax revenues
12 lost by it pursuant to this act.

13 SEC. 4. This act provides for a tax levy within the meaning of
14 Article IV of the Constitution and shall go into immediate effect.
15 However, the provisions of this act shall become operative only if
16 Senate Constitutional Amendment ___ of the 2015–16 Regular
17 Session is approved by the voters and, in that event, shall become
18 operative on January 1, 2016.

19 SECTION 1. Section 17201 of the Revenue and Taxation Code
20 is amended to read:

21 17201. (a) Part VI of Subchapter B of Chapter 1 of Subtitle
22 A of the Internal Revenue Code, relating to itemized deductions
23 for individuals and corporations, shall apply, except as provided.

24 (b) Part VII of Subchapter B of Chapter 1 of Subtitle A of the
25 Internal Revenue Code, relating to additional itemized deductions
26 for individuals, shall apply, except as provided.

27 (c) Part IX of Subchapter B of Chapter 1 of Subtitle A of the
28 Internal Revenue Code, relating to items not deductible, shall
29 apply, except as provided.