AMENDED IN ASSEMBLY JUNE 22, 2016

AMENDED IN SENATE JANUARY 4, 2016

AMENDED IN SENATE APRIL 9, 2015

SENATE BILL No. 587

Introduced by Senator Stone

February 26, 2015

~~An act to add Section 18645.5 to the Business and Professions Code, relating to the State Athletic Commission.~~ *An act to amend Sections 51 and 5813 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 587, as amended, Stone. ~~The State Athletic Commission.~~ *Property taxation: inflation factor: senior citizens.*

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value, as defined, of that property, and provides that the full cash value base may be adjusted each year by an inflationary rate not to exceed 2% for any given year. Existing property tax law implementing this constitutional authority provides that the taxable value of real property is the lesser of its base year value compounded annually by the inflation factor not to exceed 2%, as provided, or its full cash value. Existing property tax law also provides that the taxable value of a manufactured home is the lesser of its base year value compounded annually by an inflation factor not to exceed 2% or its full cash value.

This bill would provide that the inflation factor shall not apply to the principal place of residence of a "qualified taxpayer," defined by the bill to mean a person who owns a dwelling as his or her principal place *of residence, or a person who owns a manufactured home as his or her principal place of residence, who is 65 years of age or older on the lien date who meets specified requirements.*

By changing the manner in which local tax officials calculate the taxable value of real property owned by senior citizens, this bill would impose a state-mandated local program.

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.

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.

This bill would take effect immediately as a tax levy.

~~Under existing law, the State Athletic Commission Act, the State Athletic Commission has jurisdiction over all professional and amateur boxing, professional and amateur kickboxing, all forms and combinations of forms of full contact martial arts contests, including mixed martial arts, and matches or exhibitions conducted, held, or given within this state.~~

~~This bill would require the State Athletic Commission to establish a task force to evaluate the impacts of weight cutting, dehydration, and rapid rehydration, as prescribed.~~

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

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

SECTION 1. Section 51 of the Revenue and Taxation Code is amended to read:

51. (a) For purposes of subdivision (b) of Section 2 of Article XIII A of the California Constitution, for each lien date after the lien date in which the base year value is determined pursuant to Section 110.1, the taxable value of real property shall, except as otherwise provided in subdivision (b) or (c), be the lesser of:

(1) Its base year value, compounded annually since the base year by an inflation factor, which shall be determined as follows:

(A) For any assessment year commencing prior to January 1, 1985, the inflation factor shall be the percentage change in the cost of living, as defined in Section 2212.

(B) For any assessment year commencing after January 1, 1985, and prior to January 1, 1998, the inflation factor shall be the percentage change, rounded to the nearest one-thousandth of 1 percent, from December of the prior fiscal year to December of the current fiscal year in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations.

(C) For any assessment year commencing on or after January 1, 1998, the inflation factor shall be the percentage change, rounded to the nearest one-thousandth of 1 percent, from October of the prior fiscal year to October of the current fiscal year in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations.

(D) ~~In no event shall the~~ *The* percentage increase for any assessment year determined pursuant to subparagraph (A), (B), or (C) *shall not* exceed 2 percent of the prior year's value.

(E) (i) Notwithstanding any other law, for any assessment year commencing on or after January 1, 2017, the percentage increase for an assessment year determined pursuant to subparagraph (A), (B), or (C) shall not apply to the principal place of residence of a qualified taxpayer.

(ii) For purposes of this subparagraph, all of the following shall apply:

(I) "Qualified taxpayer" means a person who owns a dwelling as his or her principal place of residence who is 65 years of age or older on the lien date and satisfies either of the following:

(ia) If the qualified taxpayer is single, his or her annual household income, as defined in Section 20504, is twenty-five thousand dollars ($25,000) or less.

(ib) If the qualified taxpayer is married, his or her combined annual household income, as defined in Section 20504, is fifty thousand dollars ($50,000) or less.

(II) A qualified taxpayer who is 65 years of age or older includes a married couple, one member of which is 65 years of age or older on the lien date.

(III) When claiming the benefit provided by this subparagraph, the claimant shall provide all information required by, and answer all questions contained in, an affidavit furnished by the assessor to determine that the claimant is a qualified taxpayer. The assessor may require additional proof of the information or answers provided in the affidavit before allowing the benefit provided by this subparagraph.

(2) Its full cash value, as defined in Section 110, as of the lien date, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in value.

(b) If the real property was damaged or destroyed by disaster, misfortune, or calamity and the board of supervisors of the county in which the real property is located has not adopted an ordinance pursuant to Section 170, or any portion of the real property has been removed by voluntary action by the taxpayer, the taxable value of the property shall be the sum of the following:

(1) The lesser of its base year value of land determined under paragraph (1) of subdivision (a) or full cash value of land determined pursuant to paragraph (2) of subdivision (a).

(2) The lesser of its base year value of improvements determined pursuant to paragraph (1) of subdivision (a) or the full cash value of improvements determined pursuant to paragraph (2) of subdivision (a).

In applying this subdivision, the base year value of the subject real property does not include that portion of the previous base year value of that property that was attributable to any portion of the property that has been destroyed or removed. The sum determined under this subdivision shall then become the base year value of the real property until that property is restored, repaired, or reconstructed or other provisions of law require establishment of a new base year value.

(c) If the real property was damaged or destroyed by disaster, misfortune or calamity and the board of supervisors in the county in which the real property is located has adopted an ordinance pursuant to Section 170, the taxable value of the real property shall be its assessed value as computed pursuant to Section 170.

(d) For purposes of this section, "real property" means that appraisal unit that persons in the marketplace commonly buy and sell as a unit, or that is normally valued separately.

(e) Nothing in this section shall be construed to require the assessor to make an annual reappraisal of all assessable property. However, for each lien date after the first lien date for which the taxable value of property is reduced pursuant to paragraph (2) of subdivision (a), the value of that property shall be annually reappraised at its full cash value as defined in Section 110 until that value exceeds the value determined pursuant to paragraph (1) of subdivision (a). In no event shall the assessor condition the implementation of the preceding sentence in any year upon the filing of an assessment appeal.

SEC. 2. Section 5813 of the Revenue and Taxation Code is amended to read:

5813. *(a)* For each lien date after the lien date for which the base year value is determined, the taxable value of a manufactured home shall be the lesser of:

~~(a)~~

(1) Its base year value, compounded annually since the base year by an inflation factor, which shall be the percentage change in the cost of living, as defined in Section 51, provided, that any percentage increase shall not exceed 2 percent of the prior year's value; or

~~(b)~~

(2) Its full cash value, as defined in Section 5803, as of the lien date, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, or other factors causing a decline in value; or

~~(c)~~

(3) If the manufactured home is damaged or destroyed by disaster, misfortune, or calamity, its value determined pursuant to ~~(b)~~ *paragraph (2)* shall be its base year value until the manufactured home is restored, repaired or reconstructed or other provisions of law require establishment of a new base year value.

(b) (1) Notwithstanding any other law, for any assessment year commencing on or after January 1, 2017, the percentage increase

for an assessment year determined pursuant to paragraph (1) of subdivision (a) shall not apply to the principal place of residence of a qualified taxpayer.

(2) For purposes of this subdivision, all of the following shall apply:

(A) "Qualified taxpayer" means a person who owns a manufactured home as his or her principal place of residence who is 65 years of age or older on the lien date and satisfies either of the following:

(i) If the qualified taxpayer is single, his or her annual household income, as defined in Section 20504, is twenty-five thousand dollars ($25,000) or less.

(ii) If the qualified taxpayer is married, his or her combined annual household income, as defined in Section 20504, is fifty thousand dollars ($50,000) or less.

(B) A qualified taxpayer who is 65 years of age or older includes a married couple, one member of which is 65 years of age or older on the lien date.

(C) When claiming the benefit provided by this subdivision, the claimant shall provide all information required by, and answer all questions contained in, an affidavit furnished by the assessor to determine that the claimant is a qualified taxpayer. The assessor may require additional proof of the information or answers provided in the affidavit before allowing the benefit provided by this subdivision.

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

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

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

~~SECTION 1. Section 18645.5 is added to the Business and Professions Code, to read:~~

~~18645.5. The commission shall establish a task force to evaluate the impacts of weight cutting, dehydration, and rapid rehydration.~~

~~The task force may be comprised of physicians and surgeons with expertise in dehydration and rapid rehydration and boxing and mixed martial arts stakeholders, including licensees. The task force, in evaluating impacts, shall consider dangers of certain practices athletes undergo to meet the requirements outlined in Section 18706 and may provide recommendations to the commission that include, but are not limited to, proper techniques to detect dehydration, outreach the commission can undertake to educate licensees about dehydration and rapid rehydration, and the appropriateness of commission weight classifications established in Section 298 of Article 6 of Chapter 1 of Division 2 of Title 4 of the California Code of Regulations.~~

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