

AMENDED IN SENATE MAY 4, 2016

AMENDED IN SENATE MARCH 28, 2016

SENATE BILL

No. 1183

Introduced by Senator Bates

February 18, 2016

An act to amend Section 205.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1183, as amended, Bates. Property taxation: exemptions: disabled veterans.

Existing property tax law provides, pursuant to the authorization of the California Constitution, a disabled veterans' property tax exemption for the principal place of residence of a veteran or a veteran's spouse, including an unmarried surviving spouse, if the veteran, because of injury incurred in military service, is blind in both eyes, has lost the use of 2 or more limbs, or is totally disabled, as those terms are defined, or if the veteran has, as a result of a service-connected injury or disease, died while on active duty in military service. Existing law exempts that part of the full value of the residence that does not exceed \$100,000, or \$150,000, if the veteran's household income does not exceed \$40,000, adjusted for inflation, as specified.

This bill would instead exempt the full value of the principal place of residence of a veteran or veteran's spouse. The bill would also define the term "blind in both eyes" to mean that the veteran is a blind person, as defined in a specific statute. The bill would also specify that a "totally disabled" veteran includes a veteran so severely disabled as to be unable to move without the aid of an assistive device. The bill would make

other technical and conforming changes to the disabled veterans' property tax exemption.

By changing the manner in which local tax officials administer the disabled veterans' property tax exemption, 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.

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 205.5 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 205.5. (a) Property that constitutes the principal place of
- 4 residence of a ~~veteran~~, *veteran and* that is owned by the veteran,
- 5 the veteran's spouse, or the veteran and the veteran's spouse jointly,
- 6 is exempted from taxation if the veteran is blind in both eyes, has
- 7 lost the use of two or more limbs, or if the veteran is totally
- 8 disabled as a result of injury or disease incurred in military service.
- 9 (b) (1) For purposes of this section, "veteran" means either of
- 10 the following:
- 11 (A) A veteran as specified in subdivision (o) of Section 3 of
- 12 Article XIII of the California Constitution, except for the limitation
- 13 on the value of property owned by the veteran or the veteran's
- 14 spouse.

1 (B) A person who would qualify as a veteran pursuant to
2 paragraph (1) except that he or she has, as a result of a
3 service-connected injury or disease, as determined by the United
4 States Department of Veterans Affairs, died while on active duty
5 in military service.

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

14 (c) (1) Property that is owned by, and that constitutes the
15 principal place of residence of, the unmarried surviving spouse of
16 a deceased veteran is exempt from taxation if the deceased veteran
17 was blind in both eyes, had lost the use of two or more limbs, or
18 was totally disabled, provided that either of the following
19 conditions is met:

20 (A) The deceased veteran during his or her lifetime qualified
21 for the exemption pursuant to subdivision (a), or would have
22 qualified for the exemption under the laws effective on January 1,
23 1977, except that the veteran died prior to January 1, 1977.

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

26 (2) Property that is owned by, and that constitutes the principal
27 place of residence of, the unmarried surviving spouse of a veteran
28 described in subparagraph (B) of paragraph (1) of subdivision (b)
29 is exempt from taxation.

30 (3) Property is deemed to be the principal place of residence of
31 the unmarried surviving spouse of a deceased veteran, who is
32 confined to a hospital or other care facility, if that property would
33 be the unmarried surviving spouse's principal place of residence
34 were it not for his or her confinement to a hospital or other care
35 facility, provided that the residence is not rented or leased to a
36 third party. For purposes of this paragraph, a family member who
37 resides at the residence is not a third party.

38 (d) As used in this section, "property that is owned by a veteran"
39 or "property that is owned by the veteran's unmarried surviving
40 spouse" includes all of the following:

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

3 (2) Property owned by the veteran or the veteran's spouse as
4 separate property.

5 (3) Property owned with one or more other persons to the extent
6 of the interest owned by the veteran, the veteran's spouse, or both
7 the veteran and the veteran's spouse.

8 (4) Property owned by the veteran's unmarried surviving spouse
9 with one or more other persons to the extent of the interest owned
10 by the veteran's unmarried surviving spouse.

11 (5) That portion of the property of a corporation that constitutes
12 the principal place of residence of a veteran or a veteran's
13 unmarried surviving spouse when the veteran, the veteran's spouse,
14 or the veteran's unmarried surviving spouse is a shareholder of
15 the corporation and the rights of shareholding entitle one to the
16 possession of property, legal title to which is owned by the
17 corporation. The exemption provided by this paragraph shall be
18 shown on the local roll and shall reduce the full value of the
19 corporate property. Notwithstanding any law or articles of
20 incorporation or bylaws of a corporation described in this
21 paragraph, any reduction of property taxes paid by the corporation
22 shall reflect an equal reduction in any charges by the corporation
23 to the person who, by reason of qualifying for the exemption, made
24 possible the reduction for the corporation.

25 (e) For purposes of this section, the following definitions shall
26 apply:

27 (1) "Being blind in both eyes" means that the veteran is a blind
28 person, as that term is defined in Section 19153 of the Welfare
29 and Institutions Code as that section read on January 1, 2016.

30 (2) "Lost the use of two or more limbs" means that the limb has
31 been amputated or its use has been lost by reason of ankylosis,
32 progressive muscular dystrophies, or paralysis.

33 (3) "Totally disabled" means ~~that the~~ *any of the following:*

34 (A) *The veteran has a disability which the United States*
35 *Department of Veterans Affairs or the military service from which*
36 *the veteran was discharged has rated at 100 percent, the veteran*
37 *is so severely disabled as to be unable to move without the aid of*
38 *an assistive device, or the veteran 100 percent.*

39 (B) *The veteran has rated the disability compensation which the*
40 *United States Department of Veterans Affairs or the military*

1 *service from which the veteran was discharged has rated* at 100
2 *percent by reason of the veteran being unable to secure or follow*
3 *a substantially gainful occupation.*

4 *(C) The veteran is so severely disabled as to be unable to move*
5 *without the aid of an assistive device.*

6 (f) An exemption granted to a claimant pursuant to this section
7 shall be in lieu of the veteran's exemption provided by subdivisions
8 (o), (p), (q), and (r) of Section 3 of Article XIII of the California
9 Constitution and any other real property tax exemption to which
10 the claimant may be entitled. No other real property tax exemption
11 may be granted to any other person with respect to the same
12 residence for which an exemption has been granted pursuant to
13 this section; provided, that if two or more veterans qualified
14 pursuant to this section coown a property in which they reside,
15 each is entitled to the exemption to the extent of his or her interest.

16 (g) The amendments made to this section by ~~the act adding this~~
17 ~~subdivision~~ *Senate Bill 1183 of the 2015–16 Regular Session of*
18 *the Legislature* shall apply for property tax lien dates for the
19 2017–18 fiscal year and for each fiscal year thereafter.

20 SEC. 2. Notwithstanding Section 2229 of the Revenue and
21 Taxation Code, no appropriation is made by this act and the state
22 shall not reimburse any local agency for any property tax revenues
23 lost by it pursuant to this act.

24 SEC. 3. If the Commission on State Mandates determines that
25 this act contains costs mandated by the state, reimbursement to
26 local agencies and school districts for those costs shall be made
27 pursuant to Part 7 (commencing with Section 17500) of Division
28 4 of Title 2 of the Government Code.

29 SEC. 4. This act provides for a tax levy within the meaning of
30 Article IV of the *California* Constitution and shall go into
31 immediate effect.