

AMENDED IN SENATE APRIL 21, 2016

**SENATE BILL**

**No. 1304**

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**Introduced by Senator Huff**  
*(Coauthor: Senator De León)*

February 19, 2016

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An act to amend Section 23007 of the ~~Business and Professions Code, relating to alcoholic beverages~~; 170 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1304, as amended, Huff. ~~Alcoholic beverages: wine. Property taxation: disaster relief: Porter Ranch methane gas leak.~~

*Existing property tax law authorizes the board of supervisors of a county to provide that every assessee or person liable for taxes on any taxable property whose property was damaged or destroyed without his or her fault may apply for reassessment of that property, as provided. To be eligible for reassessment, existing law requires that the damage or destruction of the property be caused by specified circumstances, including a major misfortune or calamity in an area or region subsequently proclaimed by the Governor to be in a state of disaster.*

*This bill would additionally authorize the board of supervisors of a county to provide for reassessment of property destroyed or damaged by a major misfortune or calamity in an area or region subsequently proclaimed by the Governor to be in a state of emergency. The bill would specify that "damage" includes a diminution in the value of property as a result of environmental contamination. The bill would also provide that the amendments made by its provisions would apply retroactively to property located in the Porter Ranch neighborhood in*

*the City of Los Angeles that was affected by the methane gas leak in that area in 2015 and 2016 and that, with respect to these properties, the application for reassessment may be filed within 12 months of the enactment of this bill or within the time specified in the ordinance, whichever is later.*

*This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Los Angeles.*

*This bill would declare that it is to take effect immediately as an urgency statute.*

~~The Alcoholic Beverage Control Act defines alcoholic beverages for purposes of that act and includes a definition of wine.~~

~~This bill would make nonsubstantive changes to this provision.~~

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

1     SECTION 1. Section 170 of the Revenue and Taxation Code  
2     is amended to read:

3     170. (a) Notwithstanding any other law, the board of  
4     supervisors, by ordinance, may provide that every assessee of any  
5     taxable property, or any person liable for the taxes ~~thereon~~, *on that*  
6     *property*, whose property was damaged or destroyed without his  
7     or her fault, may apply for reassessment of that property as  
8     provided in this section. The ordinance may also specify that the  
9     assessor may initiate the reassessment where the assessor  
10    determines that within the preceding 12 months taxable property  
11    located in the county was damaged or destroyed.

12    To be eligible for reassessment the damage or destruction to the  
13    property shall have been caused by any of the following:

14    (1) A major misfortune or calamity, in an area or region  
15    subsequently proclaimed by the Governor to be in a state of  
16    *emergency or disaster*, if that property was damaged or destroyed  
17    by the major misfortune or calamity that caused the Governor to  
18    proclaim the area or region to be in a state of *emergency or disaster*.  
19    As used in this paragraph, “damage” includes a diminution in the  
20    value of property as a result of restricted access *or environmental*  
21    *contamination* to the property where that restricted access *or*  
22    *environmental contamination* was caused by the major misfortune  
23    or calamity.

1 (2) A misfortune or calamity.

2 (3) A misfortune or calamity that, with respect to a possessory  
3 interest in land owned by the state or federal government, has  
4 caused the permit or other right to enter upon the land to be  
5 suspended or restricted. As used in this paragraph, “misfortune or  
6 calamity” includes a drought condition such as existed in this state  
7 in 1976 and 1977.

8 The application for reassessment may be filed within the time  
9 specified in the ordinance or within 12 months of the misfortune  
10 or calamity, whichever is later, by delivering to the assessor a  
11 written application requesting reassessment showing the condition  
12 and value, if any, of the property immediately after the damage or  
13 destruction, and the dollar amount of the damage. The application  
14 shall be executed under penalty of perjury, or if executed outside  
15 the State of California, verified by affidavit.

16 An ordinance may be made applicable to a major misfortune or  
17 calamity specified in paragraph (1) or to any misfortune or calamity  
18 specified in paragraph (2), or to both, as the board of supervisors  
19 determines. An ordinance shall not be made applicable to a  
20 misfortune or calamity specified in paragraph (3), unless an  
21 ordinance making paragraph (2) applicable is operative in the  
22 county. The ordinance may specify a period of time within which  
23 the ordinance shall be effective, and, if no period of time is  
24 specified, it shall remain in effect until repealed.

25 (b) Upon receiving a proper application, the assessor shall  
26 appraise the property and determine separately the full cash value  
27 of land, improvements and personalty immediately before and  
28 after the damage or destruction. If the sum of the full cash values  
29 of the land, improvements and personalty before the damage or  
30 destruction exceeds the sum of the values after the damage by ten  
31 thousand dollars (\$10,000) or more, the assessor shall also  
32 separately determine the percentage reductions in value of land,  
33 improvements and personalty due to the damage or destruction.  
34 The assessor shall reduce the values appearing on the assessment  
35 roll by the percentages of damage or destruction computed pursuant  
36 to this subdivision, and the taxes due on the property shall be  
37 adjusted as provided in subdivision (e). However, the amount of  
38 the reduction shall not exceed the actual loss.

39 (c) (1) As used in this subdivision, “board” means either the  
40 county board of supervisors acting as the county board of

1 equalization, or an assessment appeals board established by the  
2 county board of supervisors in accordance with Section 1620, as  
3 applicable.

4 (2) The assessor shall notify the applicant in writing of the  
5 amount of the proposed reassessment. The notice shall state that  
6 the applicant may appeal the proposed reassessment to the board  
7 within six months of the date of mailing the notice. If an appeal is  
8 requested within the six-month period, the board shall hear and  
9 decide the matter as if the proposed reassessment had been entered  
10 on the roll as an assessment made outside the regular assessment  
11 period. The decision of the board regarding the damaged value of  
12 the property shall be final, provided that a decision of the board  
13 regarding any reassessment made pursuant to this section shall  
14 create no presumption as regards the value of the affected property  
15 subsequent to the date of the damage.

16 (3) Those reassessed values resulting from reductions in full  
17 cash value of amounts, as determined above, shall be forwarded  
18 to the auditor by the assessor or the clerk of the board, as the case  
19 may be. The auditor shall enter the reassessed values on the roll.  
20 After being entered on the roll, those reassessed values shall not  
21 be subject to review, except by a court of competent jurisdiction.

22 (d) (1) If no application is made and the assessor determines  
23 that within the preceding 12 months a property has suffered damage  
24 caused by misfortune or calamity that may qualify the property  
25 owner for relief under an ordinance adopted under this section,  
26 the assessor shall provide the last known owner of the property  
27 with an application for reassessment. The property owner shall  
28 file the completed application within 12 months after the  
29 occurrence of that damage. Upon receipt of a properly completed,  
30 timely filed application, the property shall be reassessed in the  
31 same manner as required in subdivision (b).

32 (2) This subdivision does not apply where the assessor initiated  
33 reassessment as provided in subdivision (a) or (1).

34 (e) The tax rate fixed for property on the roll on which the  
35 property so reassessed appeared at the time of the misfortune or  
36 calamity, shall be applied to the amount of the reassessment as  
37 determined in accordance with this section and the assessee shall  
38 be liable for: (1) a prorated portion of the taxes that would have  
39 been due on the property for the current fiscal year had the  
40 misfortune or calamity not occurred, to be determined on the basis

1 of the number of months in the current fiscal year prior to the  
2 misfortune or calamity; plus, (2) a proration of the tax due on the  
3 property as reassessed in its damaged or destroyed condition, to  
4 be determined on the basis of the number of months in the fiscal  
5 year after the damage or destruction, including the month in which  
6 the damage was incurred. For purposes of applying the preceding  
7 calculation in prorating supplemental taxes, the term “fiscal year”  
8 means that portion of the tax year used to determine the adjusted  
9 amount of taxes due pursuant to subdivision (b) of Section 75.41.  
10 If the damage or destruction occurred after January 1 and before  
11 the beginning of the next fiscal year, the reassessment shall be  
12 utilized to determine the tax liability for the next fiscal year.  
13 However, if the property is fully restored during the next fiscal  
14 year, taxes due for that year shall be prorated based on the number  
15 of months in the year before and after the completion of restoration.

16 (f) Any tax paid in excess of the total tax due shall be refunded  
17 to the taxpayer pursuant to Chapter 5 (commencing with Section  
18 5096) of Part 9, as an erroneously collected tax or by order of the  
19 board of supervisors without the necessity of a claim being filed  
20 pursuant to Chapter 5.

21 (g) The assessed value of the property in its damaged condition,  
22 as determined pursuant to subdivision (b) compounded annually  
23 by the inflation factor specified in subdivision (a) of Section 51,  
24 shall be the taxable value of the property until it is restored,  
25 repaired, reconstructed or other provisions of the law require the  
26 establishment of a new base year value.

27 If partial reconstruction, restoration, or repair has occurred on  
28 any subsequent lien date, the taxable value shall be increased by  
29 an amount determined by multiplying the difference between its  
30 factored base year value immediately before the calamity and its  
31 assessed value in its damaged condition by the percentage of the  
32 repair, reconstruction, or restoration completed on that lien date.

33 (h) (1) When the property is fully repaired, restored, or  
34 reconstructed, the assessor shall make an additional assessment or  
35 assessments in accordance with subparagraph (A) or (B) upon  
36 completion of the repair, restoration, or reconstruction:

37 (A) If the completion of the repair, restoration, or reconstruction  
38 occurs on or after January 1, but on or before May 31, then there  
39 shall be two additional assessments. The first additional assessment  
40 shall be the difference between the new taxable value as of the

1 date of completion and the taxable value on the current roll. The  
2 second additional assessment shall be the difference between the  
3 new taxable value as of the date of completion and the taxable  
4 value to be enrolled on the roll being prepared.

5 (B) If the completion of the repair, restoration, or reconstruction  
6 occurs on or after June 1, but before the succeeding January 1,  
7 then the additional assessment shall be the difference between the  
8 new taxable value as of the date of completion and the taxable  
9 value on the current roll.

10 (2) On the lien date following completion of the repair,  
11 restoration, or reconstruction, the assessor shall enroll the new  
12 taxable value of the property as of that lien date.

13 (3) For purposes of this subdivision, “new taxable value” shall  
14 mean the lesser of the property’s (A) full cash value, or (B) factored  
15 base year value or its factored base year value as adjusted pursuant  
16 to subdivision (c) of Section 70.

17 (i) The assessor may apply Chapter 3.5 (commencing with  
18 Section 75) of Part 0.5 in implementing this section, to the extent  
19 that chapter is consistent with this section.

20 (j) This section applies to all counties, whether operating under  
21 a charter or under the general laws of this state.

22 (k) Any ordinance in effect pursuant to former Section 155.1,  
23 155.13, or 155.14 shall remain in effect according to its terms as  
24 if that ordinance was adopted pursuant to this section, subject to  
25 the limitations of subdivision (b).

26 (l) When the assessor does not have the general authority  
27 pursuant to subdivision (a) to initiate reassessments, if no  
28 application is made and the assessor determines that within the  
29 preceding 12 months a property has suffered damage caused by  
30 misfortune or calamity, that may qualify the property owner for  
31 relief under an ordinance adopted under this section, the assessor,  
32 with the approval of the board of supervisors, may reassess the  
33 particular property for which approval was granted as provided in  
34 subdivision (b) and notify the last known owner of the property  
35 of the reassessment.

36 (m) *The amendments made to this section by the act adding this*  
37 *subdivision shall apply retroactively to the County of Los Angeles*  
38 *with respect to property located in the Porter Ranch neighborhood*  
39 *in the City of Los Angeles that was affected by the methane gas*  
40 *leak in that area in 2015 and 2016. Notwithstanding any other*

1 law, in the case of these properties, the application for  
2 reassessment may be filed within 12 months of the enactment of  
3 this subdivision or within the time specified in the ordinance,  
4 whichever is later.

5 SEC. 2. The Legislature finds and declares that a special law  
6 is necessary and that a general law cannot be made applicable  
7 within the meaning of Section 16 of Article IV of the California  
8 Constitution because of the unique circumstances related to the  
9 methane gas leak that occurred in the Porter Ranch neighborhood  
10 of the City of Los Angeles in 2015 and 2016.

11 SEC. 3. This act is an urgency statute necessary for the  
12 immediate preservation of the public peace, health, or safety within  
13 the meaning of Article IV of the Constitution and shall go into  
14 immediate effect. The facts constituting the necessity are:

15 In order to as soon as possible provide necessary relief to the  
16 residents of the Porter Ranch neighborhood in the City of Los  
17 Angeles that were affected by the methane gas leak that occurred  
18 there in 2015 and 2016, it is necessary that this act take effect  
19 immediately.

20 SECTION 1. ~~Section 23007 of the Business and Professions~~  
21 ~~Code is amended to read:~~

22 ~~23007. “Wine” means the product obtained from normal~~  
23 ~~alcoholic fermentation of the juice of sound ripe grapes or other~~  
24 ~~agricultural products containing natural or added sugar or any such~~  
25 ~~alcoholic beverage to which is added grape brandy, fruit brandy,~~  
26 ~~or spirits of wine, that is distilled from the particular agricultural~~  
27 ~~product or products of which the wine is made and other rectified~~  
28 ~~wine products and by whatever name and that does not contain~~  
29 ~~more than 15 percent added flavoring, coloring, and blending~~  
30 ~~material and that contains not more than 24 percent of alcohol by~~  
31 ~~volume, and includes vermouth and sake, known as Japanese rice~~  
32 ~~wine.~~

33 ~~Nothing contained in this section affects or limits the power,~~  
34 ~~authority, or duty of the State Department of Health Services in~~  
35 ~~the enforcement of the laws directed toward preventing the~~  
36 ~~manufacture, production, sale, or transportation of adulterated,~~  
37 ~~misbranded, or mislabeled alcoholic beverages, and the definition~~  
38 ~~of “wine” contained in this section is limited strictly to the purposes~~  
39 ~~of this division and does not extend to, or repeal by implication,~~  
40 ~~any law preventing the production, manufacture, sale, or~~

- 1 transportation of adulterated, misbranded, or mislabeled alcoholic
- 2 beverages.

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