

AMENDED IN ASSEMBLY AUGUST 15, 2016

AMENDED IN ASSEMBLY JUNE 23, 2016

AMENDED IN ASSEMBLY JUNE 8, 2016

AMENDED IN SENATE APRIL 21, 2016

**SENATE BILL**

**No. 1304**

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**Introduced by Senator Huff  
(Coauthors: Senators De León, Pavley, and Runner)**

February 19, 2016

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An act to amend Section 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. 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. *The bill would specify that these provisions do not alter existing law regarding claims or defenses related to diminution of property values or establish a presumption that property values have declined or that any property is in any way “damaged or destroyed” or otherwise “contaminated” for purposes of a civil action related to the methane gas leak in the Porter Ranch neighborhood.*

Existing law requires the assessed value of the property in its damaged condition, determined as specified, to be the taxable value of the property until it is restored, repaired, reconstructed, or other provisions of the law require the establishment of a new base year value. Existing law, if partial reconstruction, restoration, or repair has occurred on any subsequent lien date, requires the taxable value to be increased by a specified amount.

This bill, for property destroyed or damaged in an area or region proclaimed by the Governor to be in a state of emergency, on the 3rd lien date following the calamity, if partial reconstruction, restoration, or repair is not progressing in a timely fashion, would require the assessed value of the property to be determined, as specified.

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.

Vote:  $\frac{2}{3}$ . 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 on that property,
- 6 whose property was damaged or destroyed without his or her fault,

1 may apply for reassessment of that property as provided in this  
2 section. The ordinance may also specify that the assessor may  
3 initiate the reassessment where the assessor determines that within  
4 the preceding 12 months taxable property located in the county  
5 was damaged or destroyed.

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

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

18 (2) A misfortune or calamity.

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

25 The application for reassessment may be filed within the time  
26 specified in the ordinance or within 12 months of the misfortune  
27 or calamity, whichever is later, by delivering to the assessor a  
28 written application requesting reassessment showing the condition  
29 and value, if any, of the property immediately after the damage or  
30 destruction, and the dollar amount of the damage. The application  
31 shall be executed under penalty of perjury, or if executed outside  
32 the State of California, verified by affidavit.

33 An ordinance may be made applicable to a major misfortune or  
34 calamity specified in paragraph (1) or to any misfortune or calamity  
35 specified in paragraph (2), or to both, as the board of supervisors  
36 determines. An ordinance shall not be made applicable to a  
37 misfortune or calamity specified in paragraph (3), unless an  
38 ordinance making paragraph (2) applicable is operative in the  
39 county. The ordinance may specify a period of time within which

1 the ordinance shall be effective, and, if no period of time is  
2 specified, it shall remain in effect until repealed.

3 (b) Upon receiving a proper application, the assessor shall  
4 appraise the property and determine separately the full cash value  
5 of land, improvements, and personalty immediately before and  
6 after the damage or destruction. If the sum of the full cash values  
7 of the land, improvements, and personalty before the damage or  
8 destruction exceeds the sum of the values after the damage by ten  
9 thousand dollars (\$10,000) or more, the assessor shall also  
10 separately determine the percentage reductions in value of land,  
11 improvements, and personalty due to the damage or destruction.  
12 The assessor shall reduce the values appearing on the assessment  
13 roll by the percentages of damage or destruction computed pursuant  
14 to this subdivision, and the taxes due on the property shall be  
15 adjusted as provided in subdivision (e). However, the amount of  
16 the reduction shall not exceed the actual loss.

17 (c) (1) As used in this subdivision, “board” means either the  
18 county board of supervisors acting as the county board of  
19 equalization, or an assessment appeals board established by the  
20 county board of supervisors in accordance with Section 1620, as  
21 applicable.

22 (2) The assessor shall notify the applicant in writing of the  
23 amount of the proposed reassessment. The notice shall state that  
24 the applicant may appeal the proposed reassessment to the board  
25 within six months of the date of mailing the notice. If an appeal is  
26 requested within the six-month period, the board shall hear and  
27 decide the matter as if the proposed reassessment had been entered  
28 on the roll as an assessment made outside the regular assessment  
29 period. The decision of the board regarding the damaged value of  
30 the property shall be final, provided that a decision of the board  
31 regarding any reassessment made pursuant to this section shall  
32 create no presumption as regards the value of the affected property  
33 subsequent to the date of the damage.

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

1 (d) (1) If no application is made and the assessor determines  
2 that within the preceding 12 months a property has suffered damage  
3 caused by misfortune or calamity that may qualify the property  
4 owner for relief under an ordinance adopted under this section,  
5 the assessor shall provide the last known owner of the property  
6 with an application for reassessment. The property owner shall  
7 file the completed application within 12 months after the  
8 occurrence of that damage. Upon receipt of a properly completed,  
9 timely filed application, the property shall be reassessed in the  
10 same manner as required in subdivision (b).

11 (2) This subdivision does not apply where the assessor initiated  
12 reassessment as provided in subdivision (a) or (l).

13 (e) The tax rate fixed for property on the roll on which the  
14 property so reassessed appeared at the time of the misfortune or  
15 calamity, shall be applied to the amount of the reassessment as  
16 determined in accordance with this section and the assessee shall  
17 be liable for: (1) a prorated portion of the taxes that would have  
18 been due on the property for the current fiscal year had the  
19 misfortune or calamity not occurred, to be determined on the basis  
20 of the number of months in the current fiscal year prior to the  
21 misfortune or calamity; plus, (2) a proration of the tax due on the  
22 property as reassessed in its damaged or destroyed condition, to  
23 be determined on the basis of the number of months in the fiscal  
24 year after the damage or destruction, including the month in which  
25 the damage was incurred. For purposes of applying the preceding  
26 calculation in prorating supplemental taxes, the term “fiscal year”  
27 means that portion of the tax year used to determine the adjusted  
28 amount of taxes due pursuant to subdivision (b) of Section 75.41.  
29 If the damage or destruction occurred after January 1 and before  
30 the beginning of the next fiscal year, the reassessment shall be  
31 utilized to determine the tax liability for the next fiscal year.  
32 However, if the property is fully restored during the next fiscal  
33 year, taxes due for that year shall be prorated based on the number  
34 of months in the year before and after the completion of restoration.

35 (f) Any tax paid in excess of the total tax due shall be refunded  
36 to the taxpayer pursuant to Chapter 5 (commencing with Section  
37 5096) of Part 9, as an erroneously collected tax or by order of the  
38 board of supervisors without the necessity of a claim being filed  
39 pursuant to Chapter 5.

1 (g) (1) The assessed value of the property in its damaged  
2 condition, as determined pursuant to subdivision (b) compounded  
3 annually by the inflation factor specified in subdivision (a) of  
4 Section 51, shall be the taxable value of the property until it is  
5 restored, repaired, reconstructed, or other provisions of the law  
6 require the establishment of a new base year value.

7 (2) If partial reconstruction, restoration, or repair has occurred  
8 on any subsequent lien date, the taxable value shall be increased  
9 by an amount determined by multiplying the difference between  
10 its factored base year value immediately before the calamity and  
11 its assessed value in its damaged condition by the percentage of  
12 the repair, reconstruction, or restoration completed on that lien  
13 date.

14 (3) (A) On the third lien date following the calamity, if partial  
15 reconstruction, restoration, or repair is not progressing in a timely  
16 fashion, the assessed value of the property shall be determined  
17 pursuant to subdivision (a) of Section 51.

18 (B) This paragraph shall only apply to property destroyed or  
19 damaged in an area or region proclaimed by the Governor to be  
20 in a state of emergency.

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

25 (A) If the completion of the repair, restoration, or reconstruction  
26 occurs on or after January 1, but on or before May 31, then there  
27 shall be two additional assessments. The first additional assessment  
28 shall be the difference between the new taxable value as of the  
29 date of completion and the taxable value on the current roll. The  
30 second additional assessment shall be the difference between the  
31 new taxable value as of the date of completion and the taxable  
32 value to be enrolled on the roll being prepared.

33 (B) If the completion of the repair, restoration, or reconstruction  
34 occurs on or after June 1, but before the succeeding January 1,  
35 then the additional assessment shall be the difference between the  
36 new taxable value as of the date of completion and the taxable  
37 value on the current roll.

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

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

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

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

10 (k) Any ordinance in effect pursuant to former Section 155.1,  
11 155.13, or 155.14 shall remain in effect according to its terms as  
12 if that ordinance was adopted pursuant to this section, subject to  
13 the limitations of subdivision (b).

14 (l) When the assessor does not have the general authority  
15 pursuant to subdivision (a) to initiate reassessments, if no  
16 application is made and the assessor determines that within the  
17 preceding 12 months a property has suffered damage caused by  
18 misfortune or calamity, that may qualify the property owner for  
19 relief under an ordinance adopted under this section, the assessor,  
20 with the approval of the board of supervisors, may reassess the  
21 particular property for which approval was granted as provided in  
22 subdivision (b) and notify the last known owner of the property  
23 of the reassessment.

24 (m) The amendments made to this section by the act adding this  
25 subdivision shall apply retroactively to the County of Los Angeles  
26 with respect to property located in the Porter Ranch neighborhood  
27 in the City of Los Angeles that was affected by the methane gas  
28 leak in that area in 2015 and 2016. Notwithstanding any other law,  
29 in the case of these properties, the application for reassessment  
30 may be filed within 12 months of the enactment of this subdivision  
31 or within the time specified in the ordinance, whichever is later.  
32 *This subdivision does not alter any existing law regarding claims*  
33 *or defenses related to diminution of property values. The enactment*  
34 *of this subdivision does not in itself establish a presumption that*  
35 *property values have declined or that any property is in any way*  
36 *“damaged or destroyed” or otherwise “contaminated” for*  
37 *purposes of a civil action related to the methane gas leak that*  
38 *occurred in the Porter Ranch neighborhood of the City of Los*  
39 *Angeles in 2015 and 2016.*

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

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

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