

AMENDED IN SENATE AUGUST 5, 1996

AMENDED IN SENATE JULY 10, 1996

AMENDED IN ASSEMBLY MAY 15, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

ASSEMBLY BILL

No. 2790

Introduced by Assembly Member Morrissey

February 22, 1996

~~An act to repeal and add Section 205.1 of the Revenue and Taxation Code, and to add Chapter 2.3 (commencing with Section 16125) to Part 1 of Division 4 of Title 2 of, and to add Section 29100.9 to, the Government Code, to amend Sections 252, 255.2, 273, and 273.5 of, to repeal Article 3 (commencing with Section 280) of Chapter 1 of Part 2 of Division 1 of, and to repeal and add Section 205.1 of, the Revenue and Taxation Code, relating to taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2790, as amended, Morrissey. Property taxation: veterans' exemption.

The California Constitution provides for a \$1,000 exemption from property taxation for property of veterans, unmarried spouses of deceased veterans, or parents of deceased veterans, as specified. Existing statutory law ~~provides~~ *implementing this exemption requires a claimant to file an annual affidavit, and requires* that the \$1,000 exemption from property taxation for veterans, unmarried spouses of deceased

veterans, or parents of deceased veterans ~~shall~~ be increased to \$4,000 if the assessment ratio is increased from 25% to 100%, in order to maintain the same proportionate value of the exemption. The California Constitution *also* provides for a homeowners' property tax exemption in the amount of \$7,000.

This bill would delete the statutory provision ~~respecting~~ *implementing* the veterans' exemption and would ~~instead increase~~ *add a new implementing provision that increases* the amount of that exemption to \$7,700. *This bill would also eliminate the requirement for the annual filing of an affidavit claiming the veterans' exemption, and would make related conforming changes.* This bill would also provide that if the homeowners' property tax exemption is increased above the amount of \$7,000, then the amount of the veterans' exemption shall be increased to 110% of the homeowners' exemption. The bill would not allow ~~the~~ *this* veterans' exemption to be claimed if the homeowners' exemption is claimed.

~~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.~~

~~Existing law continuously appropriates funds to the Controller from the General Fund to reimburse local agencies for the property tax revenue loss attributable to the homeowners' property tax exemption.~~

~~This bill would make an appropriation by making similar provision for the veterans' exemption, and for this purpose would require each county auditor to annually file a specified statement with the Controller. By imposing these filing duties, this bill would impose a state-mandated local program.~~

~~Existing law requires the county auditor, upon approval by a county board of supervisors, to conduct audits of the veterans' exemptions granted by the above provisions.~~

~~This bill would eliminate the provisions relating to the audit of veterans' exemptions.~~



This bill would provide that it would become operative only if ACA 39 of the 1995–96 Regular Session of the Legislature is adopted and approved by the people of the State of California.

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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

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 an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Chapter 2.3 (commencing with Section
2 16125) is added to Part 1 of Division 4 of Title 2 of the
3 Government Code, to read:

4

5 CHAPTER 2.3. VETERANS' PROPERTY TAX EXEMPTION

6

7 16125. (a) On or before November 30, 1997, and on
8 or before the last day of November of each year
9 thereafter, the Controller shall pay from the amount
10 appropriated from the General Fund by Section 16100 to
11 each county auditor 15 percent of the amounts claimed
12 on the preceding October 31 pursuant to Section 29100.9
13 to reimburse local governmental agencies for the tax loss
14 attributable to the veterans' property tax exemption.

15 (b) On or before December 31, 1997, and on or before
16 the last day of December of each year thereafter, the
17 Controller shall pay from the amount appropriated from
18 the General Fund by Section 16100 to each county auditor
19 35 percent of the amounts claimed on the preceding



1 *October 31 pursuant to Section 29100.9 to reimburse local*
2 *governmental agencies for the tax loss attributable to the*
3 *veterans' property tax exemption.*

4 *(c) On or before April 30, 1998, and on or before the*
5 *last day of April of each calendar year thereafter, the*
6 *Controller shall pay 35 percent of the amounts claimed on*
7 *the preceding October 31 pursuant to Section 29100.9 to*
8 *reimburse local governmental agencies for the tax loss*
9 *attributable to the veterans' property tax exemption.*

10 *(d) On or before May 31, 1998, and on or before the last*
11 *day of May of each calendar year thereafter, the*
12 *Controller shall pay the remaining 15 percent of the*
13 *amounts claimed on the preceding October 31 pursuant*
14 *to Section 29100.9 to reimburse local governmental*
15 *agencies for the tax loss attributable to the veterans'*
16 *property tax exemption.*

17 *(e) Upon receipt of a payment pursuant to this section,*
18 *each county auditor shall apportion the reimbursement*
19 *proceeds to the county, the cities, and districts within the*
20 *county in accordance with the claims previously made.*

21 *16126. Revenues paid pursuant to this chapter may be*
22 *used for county, city, district or other municipal purposes*
23 *and may, but need not necessarily, be used for purposes*
24 *of general interest and benefit to the state. It is the*
25 *purpose of this section to carry out the mandate of*
26 *subdivisions (o), (p), and (q) of Section 3 and Section 25*
27 *of Article XIII of the Constitution and permit recipients*
28 *of revenues paid pursuant to this chapter to use those*
29 *revenues for any purpose for which the recipient could*
30 *use its property tax revenues.*

31 *16127. For the purpose of fixing rates for ad valorem*
32 *taxes, every taxing agency and revenue district shall*
33 *compute the rates by including in the base the exempt*
34 *values for which the veterans' property tax exemption is*
35 *granted under subdivisions (o), (p), and (q) of Section 3*
36 *of Article XIII of the Constitution, together with the*
37 *values of taxable property against which the taxes are*
38 *levied.*

39 *SEC. 2. Section 29100.9 is added to the Government*
40 *Code, to read:*



1 29100.9. *On or before November 1 of each year, each*
2 *county auditor shall file with the Controller, in that form*
3 *as the Controller directs, a statement of the amount of*
4 *exempt values granted for the veterans' property tax*
5 *exemption under subdivisions (o), (p), and (q) of Section*
6 *3 and Section 25 of Article XIII of the Constitution for the*
7 *county, each city, each school district or portion thereof*
8 *within the county, and each special district or subdivision*
9 *or zone thereof or portion thereof within the county, for*
10 *which a tax levy is carried on the county assessment roll.*
11 *The auditor shall therein compute and show the total*
12 *amount of ad valorem tax loss to the county and the cities*
13 *and districts resulting from the exemption, and the*
14 *statement shall claim that amount against the state for*
15 *payment of reimbursement.*

16 *The board may, by resolution, extend on a permanent*
17 *basis or for a limited period the date specified by this*
18 *section from November 1 to December 1.*

19 SEC. 3. Section 205.1 of the Revenue and Taxation
20 Code is repealed.

21 ~~SEC. 2.~~

22 SEC. 4. Section 205.1 is added to the Revenue and
23 Taxation Code, to read:

24 205.1. (a) For the purposes of the veterans'
25 exemption specified in subdivisions (o), (p), and (q) of
26 Section 3 of Article XIII of the Constitution, the amount
27 of the exemption shall be seven thousand seven hundred
28 dollars (\$7,700). If the homeowners' property tax
29 exemption provided for in subdivision (k) of Section 3 of
30 Article XIII of the Constitution is increased above the
31 amount of seven thousand dollars (\$7,000), then the
32 amount of the exemption provided for in this section shall
33 be increased to 110 percent of the homeowners'
34 exemption.

35 (b) If the homeowners' property tax exemption
36 provided for in subdivision (k) of Section 3 of Article XIII
37 of the Constitution is claimed, then no exemption may be
38 claimed pursuant to this section.

39 ~~SEC. 3. Notwithstanding Section 2229 of the Revenue~~
40 ~~and Taxation Code, no appropriation is made by this act~~



1 ~~and the state shall not reimburse any local agency for any~~
2 ~~property tax revenues lost by it pursuant to this act.~~

3 ~~SEC. 4.~~

4 *SEC. 5. Section 252 of the Revenue and Taxation*
5 *Code is amended to read:*

6 252. ~~When making the first claim any~~ (a) (1) Any
7 person claiming the veterans' exemption, or the spouse,
8 legal guardian, or conservator of ~~such that~~ person, or one
9 who has been granted a power of attorney by ~~such that~~
10 person, shall appear before the assessor, ~~shall~~ give all
11 information required and answer all questions in an
12 affidavit prescribed by the State Board of Equalization,
13 and ~~shall~~ subscribe and swear to the affidavit before the
14 assessor. The assessor may require other proof of the facts
15 stated before allowing the exemption. ~~In subsequent~~
16 ~~years the person claiming the veterans' exemption, or the~~
17 ~~spouse, legal guardian, or conservator of such person, or~~
18 ~~one who has been granted a power of attorney by such~~
19 ~~person, may file the affidavit under penalty of perjury by~~
20 ~~mail.~~

21 ~~Where~~

22 (2) *Where* a claim is filed by a legal guardian or
23 conservator of a person claiming the veterans'
24 exemption, or one who has been granted a power of
25 attorney by ~~such that~~ claimant, the person filing the
26 affidavit shall declare that he *or she* has sufficient
27 ~~knowlege~~ *knowledge* of the ~~financial affairs of the~~
28 claimant to give all information required and answer all
29 questions in the affidavit under penalty of perjury.

30 (b) (1) *Commencing with the 1997-98 fiscal year, a*
31 *claim for the veterans' exemption that is granted or has*
32 *been granted in a previous fiscal year shall remain*
33 *effective until title to the subject property changes or the*
34 *taxpayer is otherwise not eligible to receive the*
35 *exemption.*

36 (2) *A taxpayer who has been granted a veterans'*
37 *exemption is responsible for notifying the assessor when*
38 *the property is no longer eligible for the exemption. Upon*
39 *any indication that a veterans' exemption has been*
40 *incorrectly allowed, the assessor shall redetermine*



1 eligibility for the exemption with respect to the relevant
 2 taxpayer. If the assessor determines that the taxpayer is
 3 no longer eligible for the exemption, he or she shall
 4 immediately cancel that exemption. If a veterans'
 5 exemption has been incorrectly allowed, the assessor shall
 6 levy an escape assessment as provided in Section 279.5.

7 (3) For the 1997–98 fiscal year and each fiscal year
 8 thereafter, the county assessor shall mail a notice to each
 9 person who received the veterans' exemption in the
 10 immediately preceding fiscal year, except where that
 11 person has transferred title to the subject property since
 12 the immediately preceding lien date. The notice shall
 13 inform the taxpayer of the requirements for the
 14 exemption, those penalties as may be assessed if the
 15 taxpayer allows the exemption to continue when he or
 16 she is not eligible for the exemption, and of his or her duty
 17 to inform the assessor when he or she is no longer eligible
 18 for the exemption.

19 SEC. 6. Section 255.2 of the Revenue and Taxation
 20 Code is amended to read:

21 255.2. Notwithstanding Section 255 of the Revenue
 22 and Taxation Code, any veteran who is filing for the
 23 veteran's exemption on his or her principal place of
 24 residence ~~for the first time~~ or who was found eligible for
 25 that exemption on his or her principal place of residence
 26 in the immediately preceding year, and ~~whose claim with~~
 27 ~~respect to whom the veterans' exemption is timely filed~~
 28 ~~but~~ disallowed for the current year may, if otherwise
 29 qualified for the homeowner's exemption, file for the
 30 homeowner's exemption as provided herein.

31 The assessor shall notify those applicants he or she finds
 32 ineligible for the veteran's exemption of his or her finding
 33 and shall inform them that they have 15 days from the
 34 date of the notice to file for the homeowner's exemption.
 35 The failure of the assessor to provide the notice required
 36 by this section shall extend the filing period for those not
 37 notified to the next lien date.

38 SEC. 7. Section 273 of the Revenue and Taxation
 39 Code is amended to read:



1 273. If a claimant for the veterans' exemption fails to
2 file the required affidavit pursuant to Section 255 because
3 he *or she* was in the military service of the United States
4 and serving outside of the continental limits of the United
5 States between the lien date and 5 o'clock p.m. on April
6 ~~15 of any year~~, the veterans' exemption may be claimed
7 pursuant to Section 252 or 253 without regard to the time
8 limit specified in Section 255 and any tax or penalty or
9 interest thereon for any fiscal year commencing during
10 that calendar year on property to the amount of ~~one~~
11 ~~thousand dollars (\$1,000)~~ *seven thousand seven hundred*
12 *dollars (\$7,700)* owned by ~~such~~ *that* person as to which the
13 veterans' exemption was available for ~~such~~ *that* fiscal
14 year, shall be canceled or refunded.

15 *SEC. 8. Section 273.5 of the Revenue and Taxation*
16 *Code is amended to read:*

17 273.5. (a) If a claimant for the veterans' exemption
18 ~~for~~ *in* the 1976-77 fiscal year or any year thereafter fails
19 to file the required affidavit with the assessor by 5 p.m. on
20 April 15 of the calendar year in which the fiscal year
21 begins, but files that claim on or before the following
22 December 10, an exemption of the lesser of ~~three~~
23 ~~thousand two hundred dollars (\$3,200)~~ *six thousand one*
24 *hundred sixty dollars (\$6,160)* or 80 percent of the full
25 value of the property shall be granted by the assessor.

26 (b) On those claims filed pursuant to subdivision (a)
27 after November 15, this exemption may be applied to the
28 second installment, and if applied to the second
29 installment, the first installment will still become
30 delinquent on December 10, and the delinquent penalty
31 provided for in this division will attach if the tax amount
32 due is not paid.

33 If this exemption is applied to the second installment
34 and if both installments are paid on or before December
35 10, or if the reduction in taxes from this exemption
36 exceeds the amount of taxes due on the second
37 installment, a refund shall be made to the taxpayer upon
38 a claim submitted by the taxpayer to the auditor.



1 *SEC. 9. Article 3 (commencing with Section 280) of*
2 *Chapter 1 of Part 2 of Division 1 of the Revenue and*
3 *Taxation Code is repealed.*

4 *SEC. 10. This act shall become operative only if*
5 *Assembly Constitutional Amendment 39 of the 1995–96*
6 *Regular Session of the Legislature is adopted and*
7 *approved by the people of the State of California.*

8 ~~*SEC. 5.*~~

9 *SEC. 11. Notwithstanding Section 17610 of the*
10 *Government Code, if the Commission on State Mandates*
11 *determines that this act contains costs mandated by the*
12 *state, reimbursement to local agencies and school*
13 *districts for those costs shall be made pursuant to Part 7*
14 *(commencing with Section 17500) of Division 4 of Title*
15 *2 of the Government Code. If the statewide cost of the*
16 *claim for reimbursement does not exceed one million*
17 *dollars (\$1,000,000), reimbursement shall be made from*
18 *the State Mandates Claims Fund.*

19 *Notwithstanding Section 17580 of the Government*
20 *Code, unless otherwise specified, the provisions of this act*
21 *shall become operative on the same date that the act*
22 *takes effect pursuant to the California Constitution.*

23 *SEC. 12. This act is an urgency statute necessary for*
24 *the immediate preservation of the public peace, health,*
25 *or safety within the meaning of Article IV of the*
26 *Constitution and shall go into immediate effect. The facts*
27 *constituting the necessity are:*

28 *In order for the provisions of this act to apply to the*
29 *1996–97 fiscal year, it is necessary that this act take effect*
30 *immediately.*

