

Introduced by Senator Florez

January 22, 2007

An act to amend Sections 218, 17207, and 24347.5 of, and to add Sections 195.116, 195.117, and 195.118 to, the Revenue and Taxation Code, relating to disaster relief, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 114, as introduced, Florez. Disaster relief.

(1) Existing law authorizes a county board of supervisors to provide by ordinance for the reassessment of property that is damaged or destroyed, without fault on the part of the assessee, by a major misfortune or calamity, upon the application of the assessee or upon the action of the county assessor with the board's approval. With respect to certain counties that have adopted reassessment ordinances and have been declared by the Governor to be in a state of emergency as a result of certain events, existing law provides for state allocations of the estimated amounts of the reductions in property tax revenues resulting in certain fiscal years from reassessments under those ordinances. Existing law also continuously appropriates, without regard to fiscal years, moneys in the Special Fund for Economic Uncertainties for purposes of funding these state allocations.

This bill would provide for similar state allocations with respect to property tax revenue reductions resulting from a reassessment for damages incurred within the Counties of Fresno, Kern, Kings, Madera, Merced, Monterey, San Luis Obispo, Santa Barbara, Tulare, and Ventura that were declared by the Governor to be in a state of emergency due to severe freezing conditions that commenced January 11, 2007.

By requiring moneys continuously appropriated from the Special Fund for Economic Uncertainties to be allocated for the new purpose of reimbursing these counties for these property tax revenue reductions, this bill would make an appropriation.

(2) Existing property tax law provides, pursuant to a specified provision of the California Constitution, for a homeowners' property tax exemption in the amount of \$7,000 of the full value of a "dwelling," as defined.

This bill would provide that any dwelling that qualified for the exemption prior to January 11, 2007, that was damaged or destroyed by the severe freezing conditions in the Counties of Fresno, Kern, Kings, Madera, Merced, Monterey, San Luis Obispo, Santa Barbara, Tulare, and Ventura, as declared by the Governor in January 2007, and that has not changed ownership since January 11, 2007, may not be denied the exemption solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.

The California Constitution requires the Legislature, in each fiscal year, to reimburse local governments for the revenue losses incurred by those governments in that fiscal year as a result of the homeowners' property tax exemption.

This bill would state the intent of the Legislature to make this required reimbursement in the annual Budget Act. By requiring local tax officials to implement new exemption criteria, this bill would impose a state-mandated local program.

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.

(3) The Personal Income Tax Law and the Corporation Tax Law provide for the carryover to specified taxable years of specified losses sustained as a result of certain disasters occurring in California in an area determined by the President of the United States to warrant specified federal assistance, or proclaimed by the Governor to be in a state of emergency.

This bill would extend these provisions to losses sustained in the Counties of Fresno, Kern, Kings, Madera, Merced, Monterey, San Luis Obispo, Santa Barbara, Tulare, and Ventura as a result of the severe freezing conditions commencing January 11, 2007. This bill would authorize a taxpayer to make an election to claim a deduction for those losses on the tax return for the preceding year.

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

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

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

1 SECTION 1. Section 195.116 is added to the Revenue and
2 Taxation Code, to read:

3 195.116. (a) By September 30, 2007, the auditors of the
4 Counties of Fresno, Kern, Kings, Madera, Merced, Monterey, San
5 Luis Obispo, Santa Barbara, Tulare, and Ventura that were the
6 subject of the Governor's proclamations of a state of emergency
7 for the severe freezing conditions that commenced January 11,
8 2007, shall certify to the Director of Finance an estimate of the
9 total amount of the reduction in property tax revenues on both the
10 regular secured roll and the supplemental roll for the 2006–07
11 fiscal year resulting from the reassessment by the county assessor
12 pursuant to paragraph (1) of subdivision (a) of Section 170 of those
13 properties that are eligible properties as a result of that disaster,
14 except that the amount certified shall not include any estimated
15 property tax revenue reductions to school districts, other than basic
16 state aid school districts, and county offices of education.

17 (b) For purposes of this section, "basic state aid school district"
18 means any school district that does not receive a state
19 apportionment pursuant to subdivision (h) of Section 42238 of the
20 Education Code, but receives from the state only a basic
21 apportionment pursuant to Section 6 of Article IX of the California
22 Constitution.

23 SEC. 2. Section 195.117 is added to the Revenue and Taxation
24 Code, to read:

25 195.117. After the county auditor of an eligible county, as
26 described in Section 195.116, has made the applicable certification
27 to the Director of Finance pursuant to that section, the director

1 shall within 30 days after verification of the county auditor's
2 estimate, certify this amount to the Controller for allocation to the
3 county. Upon receipt of certification from the Director of Finance,
4 the Controller shall make the appropriate allocation to the county
5 within 10 working days.

6 SEC. 3. Section 195.118 is added to the Revenue and Taxation
7 Code, to read:

8 195.118. (a) On or before June 30, 2008, each eligible county,
9 as described in Section 195.116, shall compute and remit to the
10 Controller for deposit in the General Fund an amount equal to the
11 amount allocated to it by the Controller pursuant to Section
12 195.117, less the actual amount of its property tax revenue lost on
13 the regular secured and supplemental rolls with respect to those
14 eligible properties described in Section 195.116 as a result of the
15 reassessment of those properties pursuant to paragraph (1) of
16 subdivision (a) of Section 170, excluding any property tax revenue
17 lost by school districts, other than basic state aid school districts,
18 and county offices of education. If the actual amount of property
19 tax revenue lost by an eligible county in the immediately preceding
20 fiscal year, as described and limited in the preceding sentence,
21 exceeds the amount allocated by the Controller to that county
22 pursuant to Section 195.117, the Controller shall allocate the
23 amount of that excess to that eligible county.

24 (b) For purposes of this section, "basic state aid school district"
25 means any school district that does not receive a state
26 apportionment pursuant to subdivision (h) of Section 42238 of the
27 Education Code, but receives from the state only a basic
28 apportionment pursuant to Section 6 of Article IX of the California
29 Constitution.

30 SEC. 4. Section 218 of the Revenue and Taxation Code is
31 amended to read:

32 218. (a) The homeowners' property tax exemption is in the
33 amount of the assessed value of the dwelling specified in this
34 section, as authorized by subdivision (k) of Section 3 of Article
35 XIII of the Constitution. That exemption shall be in the amount
36 of seven thousand dollars (\$7,000) of the full value of the dwelling.

37 (b) The exemption does not extend to property that is rented,
38 vacant, under construction on the lien date, or that is a vacation or
39 secondary home of the owner or owners, nor does it apply to
40 property on which an owner receives the veteran's exemption.

1 (c) For purposes of this section, all of the following apply:

2 (1) "Owner" includes a person purchasing the dwelling under
3 a contract of sale or who holds shares or membership in a
4 cooperative housing corporation, which holding is a requisite to
5 the exclusive right of occupancy of a dwelling.

6 (2) (A) "Dwelling" means a building, structure, or other shelter
7 constituting a place of abode, whether real property or personal
8 property, and any land on which it may be situated. A two-dwelling
9 unit shall be considered as two separate single-family dwellings.

10 (B) "Dwelling" includes the following:

11 (i) A single-family dwelling occupied by an owner thereof as
12 his or her principal place of residence on the lien date.

13 (ii) A multiple-dwelling unit occupied by an owner thereof on
14 the lien date as his or her principal place of residence.

15 (iii) A condominium occupied by an owner thereof as his or her
16 principal place of residence on the lien date.

17 (iv) Premises occupied by the owner of shares or a membership
18 interest in a cooperative housing corporation, as defined in
19 subdivision (i) of Section 61, as his or her principal place of
20 residence on the lien date. Each exemption allowed pursuant to
21 this subdivision shall be deducted from the total assessed valuation
22 of the cooperative housing corporation. The exemption shall be
23 taken into account in apportioning property taxes among owners
24 of share or membership interests in the cooperative housing
25 corporations so as to benefit those owners who qualify for the
26 exemption.

27 (d) Any dwelling that qualified for an exemption under this
28 section prior to October 20, 1991, that was damaged or destroyed
29 by fire in a disaster, as declared by the Governor, occurring on or
30 after October 20, 1991, and before November 1, 1991, and that
31 has not changed ownership since October 20, 1991, shall not be
32 disqualified as a "dwelling" or be denied an exemption under this
33 section solely on the basis that the dwelling was temporarily
34 damaged or destroyed or was being reconstructed by the owner.

35 (e) Any dwelling that qualified for an exemption under this
36 section prior to October 15, 2003, that was damaged or destroyed
37 by fire or earthquake in a disaster, as declared by the Governor,
38 during October, November, or December 2003, and that has not
39 changed ownership since October 15, 2003, shall not be
40 disqualified as a "dwelling" or be denied an exemption under this

1 section solely on the basis that the dwelling was temporarily
2 damaged or destroyed or was being reconstructed by the owner.

3 (f) Any dwelling that qualified for an exemption under this
4 section prior to June 3, 2004, that was damaged or destroyed by
5 flood in a disaster, as declared by the Governor, during June 2004,
6 and that has not changed ownership since June 3, 2004, shall not
7 be disqualified as a “dwelling” or be denied an exemption under
8 this section solely on the basis that the dwelling was temporarily
9 damaged or destroyed or was being reconstructed by the owner.

10 (g) Any dwelling that qualified for an exemption under this
11 section prior to August 11, 2004, that was damaged or destroyed
12 by the wildfires and any other related casualty that occurred in
13 Shasta County in a disaster, as declared by the Governor, during
14 August 2004, and that has not changed ownership since August
15 11, 2004, shall not be disqualified as a “dwelling” or be denied an
16 exemption under this section solely on the basis that the dwelling
17 was temporarily damaged or destroyed or was being reconstructed
18 by the owner.

19 (h) Any dwelling that qualified for an exemption under this
20 section prior to December 28, 2004, that was damaged or destroyed
21 by severe rainstorms, floods, mudslides, or the accumulation of
22 debris in a disaster, as declared by the Governor, during December
23 2004, January 2005, February 2005, March 2005, or June 2005,
24 and that has not changed ownership since December 28, 2004,
25 shall not be disqualified as a “dwelling” or be denied an exemption
26 under this section solely on the basis that the dwelling was
27 temporarily damaged or destroyed or was being reconstructed by
28 the owner, or was temporarily uninhabited as a result of restricted
29 access to the property due to floods, mudslides, the accumulation
30 of debris, or washed-out or damaged roads.

31 (i) Any dwelling that qualified for an exemption under this
32 section prior to December 19, 2005, that was damaged or destroyed
33 by severe rainstorms, floods, mudslides, or the accumulation of
34 debris in a disaster, as declared by the Governor in January 2006,
35 April 2006, May 2006, or June 2006, and that has not changed
36 ownership since December 19, 2005, shall not be disqualified as
37 a “dwelling” or be denied an exemption under this section solely
38 on the basis that the dwelling was temporarily damaged or
39 destroyed or was being reconstructed by the owner, or was
40 temporarily uninhabited as a result of restricted access to the

property due to floods, mudslides, the accumulation of debris, or washed-out or damaged roads.

(j) Any dwelling that qualified for an exemption under this section prior to July 9, 2006, that was damaged or destroyed by the wildfires and any other related casualty that occurred in the County of San Bernardino, as declared by the Governor in July 2006, and that has not changed ownership since July 9, 2006, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to the wildfires.

(k) *Any dwelling that qualified for an exemption under this section prior to January 11, 2007, that was damaged or destroyed by severe freezing conditions and any other related casualty that occurred in the Counties of Fresno, Kern, Kings, Madera, Merced, Monterey, San Luis Obispo, Santa Barbara, Tulare, and Ventura, as declared by the Governor in January 2007, and that has not changed ownership since January 11, 2007, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was temporarily damaged or destroyed or was being reconstructed by the owner, or was temporarily uninhabited as a result of restricted access to the property due to severe freezing conditions.*

(l) The exemption provided for in subdivision (k) of Section 3 of Article XIII of the Constitution shall first be applied to the building, structure, or other shelter and the excess, if any, shall be applied to any land on which it may be located.

SEC. 5. Section 17207 of the Revenue and Taxation Code is amended to read:

17207. (a) An excess disaster loss, as defined in subdivision (c), shall be carried to other taxable years as provided in subdivision (b), with respect to losses resulting from any of the following disasters:

(1) Forest fire or any other related casualty occurring in 1985 in California.

(2) Storm, flooding, or any other related casualty occurring in 1986 in California.

(3) Any loss sustained during 1987 as a result of a forest fire or any other related casualty.

- 1 (4) Earthquake, aftershock, or any other related casualty
2 occurring in 1987 in California.
- 3 (5) Earthquake, aftershock, or any other related casualty
4 occurring in 1989 in California.
- 5 (6) Any loss sustained during 1990 as a result of fire or any
6 other related casualty in California.
- 7 (7) Any loss sustained as a result of the Oakland/Berkeley Fire
8 of 1991, or any other related casualty.
- 9 (8) Any loss sustained as a result of storm, flooding, or any
10 other related casualty occurring in February 1992 in California.
- 11 (9) Earthquake, aftershock, or any other related casualty
12 occurring in April 1992 in the County of Humboldt.
- 13 (10) Riots, arson, or any other related casualty occurring in
14 April or May 1992 in California.
- 15 (11) Any loss sustained as a result of the earthquakes that
16 occurred in the County of San Bernardino in June and July of 1992,
17 or any other related casualty.
- 18 (12) Any loss sustained as a result of the Fountain Fire that
19 occurred in the County of Shasta, or as a result of either of the
20 fires in the Counties of Calaveras and Trinity that occurred in
21 August 1992, or any other related casualty.
- 22 (13) Any loss sustained as a result of storm, flooding, or any
23 other related casualty that occurred in the Counties of Alpine,
24 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,
25 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,
26 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,
27 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of
28 Fillmore in January 1993.
- 29 (14) Any loss sustained as a result of a fire that occurred in the
30 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
31 Diego, and Ventura, during October or November of 1993, or any
32 other related casualty.
- 33 (15) Any loss sustained as a result of the earthquake, aftershocks,
34 or any other related casualty that occurred in the Counties of Los
35 Angeles, Orange, and Ventura on or after January 17, 1994.
- 36 (16) Any loss sustained as a result of a fire that occurred in the
37 County of San Luis Obispo during August of 1994, or any other
38 related casualty.
- 39 (17) Any loss sustained as a result of the storms or flooding
40 occurring in 1995, or any other related casualty, sustained in any

1 county of this state subject to a disaster declaration with respect
2 to the storms and flooding.

3 (18) Any loss sustained as a result of the storms or flooding
4 occurring in December 1996 or January 1997, or any related
5 casualty, sustained in any county of this state subject to a disaster
6 declaration with respect to the storms or flooding.

7 (19) Any loss sustained as a result of the storms or flooding
8 occurring in February 1998, or any related casualty, sustained in
9 any county of this state subject to a disaster declaration with respect
10 to the storms or flooding.

11 (20) Any loss sustained as a result of a freeze occurring in the
12 winter of 1998–99, or any related casualty, sustained in any county
13 of this state subject to a disaster declaration with respect to the
14 freeze.

15 (21) Any loss sustained as a result of an earthquake occurring
16 in September 2000, that was included in the Governor's
17 proclamation of a state of emergency for the County of Napa.

18 (22) Any loss sustained as a result of the Middle River levee
19 break in San Joaquin County occurring in June 2004.

20 (23) Any losses sustained as a result of the fires that occurred
21 in the Counties of Los Angeles, *Riverside*, San Bernardino,
22 ~~Riverside~~, San Diego, and Ventura in October and November 2003,
23 or as a result of floods, mudflows, and debris flows, directly related
24 to fires.

25 (24) Any losses sustained in the Counties of Santa Barbara and
26 San Luis Obispo as a result of the San Simeon earthquake,
27 aftershocks, and any other related casualties.

28 (25) Any losses sustained as a result of the wildfires that
29 occurred in Shasta County, commencing August 11, 2004, and
30 any other related casualty.

31 (26) Any loss sustained in the Counties of Kern, Los Angeles,
32 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,
33 and Ventura as a result of the severe rainstorms, related flooding
34 and slides, and any other related casualties, that occurred in
35 December 2004, January 2005, February 2005, March 2005, or
36 June 2005.

37 (27) Any loss sustained in the Counties of Alameda, Alpine,
38 Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El
39 Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin,
40 Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer,

1 Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo,
2 Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus,
3 Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of
4 the severe rainstorms, related flooding and slides, and any other
5 related casualties, that occurred in December 2005, January 2006,
6 March 2006, or April 2006.

7 (28) Any loss sustained in the County of San Bernardino as a
8 result of the wildfires that occurred in July 2006.

9 (29) *Any loss sustained in the Counties of Fresno, Kern, Kings,*
10 *Madera, Merced, Monterey, San Luis Obispo, Santa Barbara,*
11 *Tulare, and Ventura as a result of severe freezing conditions*
12 *commencing January 11, 2007.*

13 (b) (1) In the case of any loss allowed under Section 165(c) of
14 the Internal Revenue Code, relating to limitation of losses of
15 individuals, any excess disaster loss shall be carried forward to
16 each of the five taxable years following the taxable year for which
17 the loss is claimed. However, if there is any excess disaster loss
18 remaining after the five-year period, then the applicable percentage,
19 as set forth in paragraph (1) of subdivision (b) of Section 17276,
20 of that excess disaster loss shall be carried forward to each of the
21 next 10 taxable years.

22 (2) The entire amount of any excess disaster loss as defined in
23 subdivision (c) shall be carried to the earliest of the taxable years
24 to which, by reason of subdivision (b), the loss may be carried.
25 The portion of the loss which shall be carried to each of the other
26 taxable years shall be the excess, if any, of the amount of excess
27 disaster loss over the sum of the adjusted taxable income for each
28 of the prior taxable years to which that excess disaster loss is
29 carried.

30 (c) "Excess disaster loss" means a disaster loss computed
31 pursuant to Section 165 of the Internal Revenue Code which
32 exceeds the adjusted taxable income of the year of loss or, if the
33 election under Section 165(i) of the Internal Revenue Code is
34 made, the adjusted taxable income of the year preceding the loss.

35 (d) The provisions of this section and Section 165(i) of the
36 Internal Revenue Code shall be applicable to any of the losses
37 listed in subdivision (a) sustained in any county or city in this state
38 which was proclaimed by the Governor to be in a state of disaster.

1 (e) Losses allowable under this section may not be taken into
2 account in computing a net operating loss deduction under Section
3 172 of the Internal Revenue Code.

4 (f) For purposes of this section, “adjusted taxable income” shall
5 be defined by Section 1212(b)(2)(B) of the Internal Revenue Code.

6 (g) For losses described in paragraphs (15) to ~~(28)~~ (29),
7 inclusive, of subdivision (a), the election under Section 165(i) of
8 the Internal Revenue Code may be made on a return or amended
9 return filed on or before the due date of the return (determined
10 with regard to extension) for the taxable year in which the disaster
11 occurred.

12 SEC. 6. Section 24347.5 of the Revenue and Taxation Code
13 is amended to read:

14 24347.5. (a) An excess disaster loss, as defined in subdivision
15 (c), shall be carried to other taxable years as provided in
16 subdivision (b), with respect to losses resulting from any of the
17 following disasters:

18 (1) Forest fire or any other related casualty occurring in 1985
19 in California.

20 (2) Storm, flooding, or any other related casualty occurring in
21 1986 in California.

22 (3) Any loss sustained during 1987 as a result of a forest fire or
23 any other related casualty.

24 (4) Earthquake, aftershock, or any other related casualty
25 occurring in October 1987 in California.

26 (5) Earthquake, aftershock, or any other related casualty
27 occurring in October 1989 in California.

28 (6) Any loss sustained during 1990 as a result of fire or any
29 other related casualty in California.

30 (7) Any loss sustained as a result of the Oakland/Berkeley Fire
31 of 1991, or any other related casualty.

32 (8) Any loss sustained as a result of storm, flooding, or any
33 other related casualty occurring in February 1992 in California.

34 (9) Earthquake, aftershock, or any other related casualty
35 occurring in April 1992 in the County of Humboldt.

36 (10) Riots, arson, or any other related casualty occurring in
37 April or May 1992 in California.

38 (11) Any loss sustained as a result of the earthquakes or any
39 other related casualty that occurred in the County of San
40 Bernardino in June and July of 1992.

1 (12) Any loss sustained as a result of the Fountain Fire that
2 occurred in the County of Shasta, or as a result of either of the
3 fires in the Counties of Calaveras and Trinity that occurred in
4 August 1992, or any other related casualty.

5 (13) Any loss sustained as a result of storm, flooding, or any
6 other related casualty that occurred in the Counties of Alpine,
7 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,
8 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,
9 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,
10 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of
11 Fillmore in January 1993.

12 (14) Any loss sustained as a result of a fire that occurred in the
13 Counties of Los Angeles, Orange, Riverside, San Bernardino, San
14 Diego, and Ventura, during October or November of 1993, or any
15 other related casualty.

16 (15) Any loss sustained as a result of the earthquake, aftershocks,
17 or any other related casualty that occurred in the Counties of Los
18 Angeles, Orange, and Ventura on or after January 17, 1994.

19 (16) Any loss sustained as a result of a fire that occurred in the
20 County of San Luis Obispo during August of 1994, or any other
21 related casualty.

22 (17) Any loss sustained as a result of the storms or flooding
23 occurring in 1995, or any other related casualty, sustained in any
24 county of this state subject to a disaster declaration with respect
25 to the storms and flooding.

26 (18) Any loss sustained as a result of the storms or flooding
27 occurring in December 1996 or January 1997, or any related
28 casualty, sustained in any county of this state subject to a disaster
29 declaration with respect to the storms or flooding.

30 (19) Any loss sustained as a result of the storms or flooding
31 occurring in February 1998, or any related casualty, sustained in
32 any county of this state subject to a disaster declaration with respect
33 to the storms or flooding.

34 (20) Any loss sustained as a result of a freeze occurring in the
35 winter of 1998–99, or any related casualty, sustained in any county
36 of this state subject to a disaster declaration with respect to the
37 freeze.

38 (21) Any loss sustained as a result of an earthquake occurring
39 in September 2000, that was included in the Governor's
40 proclamation of a state of emergency for the County of Napa.

1 (22) Any loss sustained as a result of the Middle River levee
2 break in San Joaquin County occurring in June 2004.

3 (23) Any losses sustained as a result of the fires that occurred
4 in the Counties of Los Angeles, *Riverside*, San Bernardino,
5 ~~Riverside~~, San Diego, and Ventura in October and November 2003,
6 or as a result of floods, mudflows, and debris flows, directly related
7 to fires.

8 (24) Any losses sustained in the Counties of Santa Barbara and
9 San Luis Obispo as a result of the San Simeon earthquake,
10 aftershocks, and any other related casualties.

11 (25) Any losses sustained as a result of the wildfires that
12 occurred in Shasta County, commencing August 11, 2004, and
13 any other related casualty.

14 (26) Any loss sustained in the Counties of Kern, Los Angeles,
15 Orange, Riverside, San Bernardino, San Diego, Santa Barbara,
16 and Ventura as a result of the severe rainstorms, related flooding
17 and slides, and any other related casualties, that occurred in
18 December 2004, January 2005, February 2005, March 2005, or
19 June 2005.

20 (27) Any loss sustained in the Counties of Alameda, Alpine,
21 Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El
22 Dorado, Fresno, Humboldt, Kings, Lake, Lassen, Madera, Marin,
23 Mariposa, Mendocino, Merced, Monterey, Napa, Nevada, Placer,
24 Plumas, Sacramento, San Joaquin, San Luis Obispo, San Mateo,
25 Santa Cruz, Shasta, Sierra, Siskiyou, Solano, Sonoma, Stanislaus,
26 Sutter, Trinity, Tulare, Tuolumne, Yolo, and Yuba as a result of
27 the severe rainstorms, related flooding and slides, and any other
28 related casualties, that occurred in December 2005, January 2006,
29 March 2006, or April 2006.

30 (28) Any loss sustained in the County of San Bernardino as a
31 result of the wildfires that occurred in July 2006.

32 (29) *Any loss sustained in the Counties of Fresno, Kern, Kings,*
33 *Madera, Merced, Monterey, San Luis Obispo, Santa Barbara,*
34 *Tulare, and Ventura as a result of severe freezing conditions*
35 *commencing January 11, 2007.*

36 (b) (1) In the case of any loss allowed under Section 165 of the
37 Internal Revenue Code, relating to losses, any excess disaster loss
38 shall be carried forward to each of the five taxable years following
39 the taxable year for which the loss is claimed. However, if there
40 is any excess disaster loss remaining after the five-year period,

1 then the applicable percentage, as set forth in paragraph (1) of
2 subdivision (b) of Section 24416, of that excess disaster loss shall
3 be carried forward to each of the next 10 taxable years.

4 (2) The entire amount of any excess disaster loss as defined in
5 subdivision (c) shall be carried to the earliest of the taxable years
6 to which, by reason of subdivision (b), the loss may be carried.
7 The portion of the loss which shall be carried to each of the other
8 taxable years shall be the excess, if any, of the amount of excess
9 disaster loss over the sum of the net income for each of the prior
10 taxable years to which that excess disaster loss is carried.

11 (c) "Excess disaster loss" means a disaster loss computed
12 pursuant to Section 165 of the Internal Revenue Code, which
13 exceeds the net income of the year of loss or, if the election under
14 Section 165(i) of the Internal Revenue Code is made, the net
15 income of the year preceding the loss.

16 (d) The provisions of this section and Section 165(i) of the
17 Internal Revenue Code shall be applicable to any of the losses
18 listed in subdivision (a) sustained in any county or city in this state
19 which was proclaimed by the Governor to be in a state of disaster.

20 (e) Any corporation subject to the provisions of Section 25101
21 or 25101.15 that has disaster losses pursuant to this section, shall
22 determine the excess disaster loss to be carried to other taxable
23 years under the principles specified in Section 25108 relating to
24 net operating losses.

25 (f) Losses allowable under this section may not be taken into
26 account in computing a net operating loss deduction under Section
27 172 of the Internal Revenue Code.

28 (g) For losses described in paragraphs (15) to ~~(28)~~ (29),
29 inclusive, of subdivision (a), the election under Section 165(i) of
30 the Internal Revenue Code may be made on a return or amended
31 return filed on or before the due date of the return (determined
32 with regard to extension) for the taxable year in which the disaster
33 occurred.

34 SEC. 7. It is the intent of the Legislature to provide in the
35 annual Budget Act those additional reimbursements to local
36 governments that, as a result of Section 4 of this act, are required
37 by Section 25 of Article XIII of the California Constitution.

38 SEC. 8. The Legislature finds and declares that this act fulfills
39 a statewide public purpose because of all of the following:

1 (a) The Governor of California has officially proclaimed a state
2 of emergency declaring that the severe freezing conditions that
3 occurred within the Counties of Fresno, Kern, Kings, Madera,
4 Merced, Monterey, San Luis Obispo, Santa Barbara, Tulare, and
5 Ventura commencing January 11, 2007, constitute conditions of
6 extreme peril to public health and safety to persons and property
7 within that county, thus qualifying affected persons for various
8 forms of governmental assistance and relief.

9 (b) This act is consistent with, and supplements, the proclaimed
10 disaster assistance and relief by providing necessary fiscal
11 assistance and tax relief to affected jurisdictions and persons to
12 allow them to maintain essential basic services and repair damage
13 to, and restore, their homes and businesses.

14 SEC. 9. If the Commission on State Mandates determines
15 that this act contains costs mandated by the state, reimbursement
16 to local agencies and school districts for those costs shall be made
17 pursuant to Part 7 (commencing with Section 17500) of Division
18 4 of Title 2 of the Government Code.

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

23 In order to timely provide essential relief to those persons and
24 jurisdictions who have suffered damage or loss as a result of the
25 severe freezing conditions that occurred in the Counties of Fresno,
26 Kern, Kings, Madera, Merced, Monterey, San Luis Obispo, Santa
27 Barbara, Tulare, and Ventura commencing January 11, 2007, it is
28 necessary that this act take effect immediately.