

AMENDED IN SENATE MARCH 7, 2007

AMENDED IN SENATE FEBRUARY 20, 2007

SENATE BILL

No. 114

Introduced by Senators Florez and Hollingsworth
(Principal coauthor: Senator Ducheny)
(Principal coauthor: Assembly Member Arambula)
(Coauthors: Senators Alquist and Cogdill)

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 amended, 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 El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba 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, commencing January 11, 2007, that occurred in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba, as declared by the Governor, 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 El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a result of the severe freezing conditions ~~commencing January 11, that occurred in January 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 El Dorado, Fresno, Imperial, Kern, Kings, Madera,
5 Merced, Monterey, Riverside, San Bernardino, San Diego, San
6 Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare,
7 Ventura, and Yuba that were the subject of the Governor's
8 proclamations of a state of emergency for the severe freezing
9 conditions that commenced January 11, 2007, shall certify to the
10 Director of Finance an estimate of the total amount of the reduction
11 in property tax revenues on both the regular secured roll and the
12 supplemental roll for the 2006–07 fiscal year resulting from the
13 reassessment by the county assessor pursuant to paragraph (1) of
14 subdivision (a) of Section 170 of those properties that are eligible
15 properties as a result of that disaster, except that the amount

1 certified shall not include any estimated property tax revenue
2 reductions to school districts, other than basic state aid school
3 districts, and county offices of education.

4 (b) For purposes of this section, “basic state aid school district”
5 means any school district that does not receive a state
6 apportionment pursuant to subdivision (h) of Section 42238 of the
7 Education Code, but receives from the state only a basic
8 apportionment pursuant to Section 6 of Article IX of the California
9 Constitution.

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

12 195.117. After the county auditor of an eligible county, as
13 described in Section 195.116, has made the applicable certification
14 to the Director of Finance pursuant to that section, the director
15 shall within 30 days after verification of the county auditor’s
16 estimate, certify this amount to the Controller for allocation to the
17 county. Upon receipt of certification from the Director of Finance,
18 the Controller shall make the appropriate allocation to the county
19 within 10 working days.

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

22 195.118. (a) On or before June 30, 2008, each eligible county,
23 as described in Section 195.116, shall compute and remit to the
24 Controller for deposit in the General Fund an amount equal to the
25 amount allocated to it by the Controller pursuant to Section
26 195.117, less the actual amount of its property tax revenue lost on
27 the regular secured and supplemental rolls with respect to those
28 eligible properties described in Section 195.116 as a result of the
29 reassessment of those properties pursuant to paragraph (1) of
30 subdivision (a) of Section 170, excluding any property tax revenue
31 lost by school districts, other than basic state aid school districts,
32 and county offices of education. If the actual amount of property
33 tax revenue lost by an eligible county in the immediately preceding
34 fiscal year, as described and limited in the preceding sentence,
35 exceeds the amount allocated by the Controller to that county
36 pursuant to Section 195.117, the Controller shall allocate the
37 amount of that excess to that eligible county.

38 (b) For purposes of this section, “basic state aid school district”
39 means any school district that does not receive a state
40 apportionment pursuant to subdivision (h) of Section 42238 of the

1 Education Code, but receives from the state only a basic
2 apportionment pursuant to Section 6 of Article IX of the California
3 Constitution.

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

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

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

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

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

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

24 (B) "Dwelling" includes the following:

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

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

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

31 (iv) Premises occupied by the owner of shares or a membership
32 interest in a cooperative housing corporation, as defined in
33 subdivision (i) of Section 61, as his or her principal place of
34 residence on the lien date. Each exemption allowed pursuant to
35 this subdivision shall be deducted from the total assessed valuation
36 of the cooperative housing corporation. The exemption shall be
37 taken into account in apportioning property taxes among owners
38 of share or membership interests in the cooperative housing
39 corporations so as to benefit those owners who qualify for the
40 exemption.

(d) Any dwelling that qualified for an exemption under this section prior to October 20, 1991, that was damaged or destroyed by fire in a disaster, as declared by the Governor, occurring on or after October 20, 1991, and before November 1, 1991, and that has not changed ownership since October 20, 1991, 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.

(e) Any dwelling that qualified for an exemption under this section prior to October 15, 2003, that was damaged or destroyed by fire or earthquake in a disaster, as declared by the Governor, during October, November, or December 2003, and that has not changed ownership since October 15, 2003, 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.

(f) Any dwelling that qualified for an exemption under this section prior to June 3, 2004, that was damaged or destroyed by flood in a disaster, as declared by the Governor, during June 2004, and that has not changed ownership since June 3, 2004, 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.

(g) Any dwelling that qualified for an exemption under this section prior to August 11, 2004, that was damaged or destroyed by the wildfires and any other related casualty that occurred in Shasta County in a disaster, as declared by the Governor, during August 2004, and that has not changed ownership since August 11, 2004, 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.

(h) Any dwelling that qualified for an exemption under this section prior to December 28, 2004, that was damaged or destroyed by severe rainstorms, floods, mudslides, or the accumulation of debris in a disaster, as declared by the Governor, during December 2004, January 2005, February 2005, March 2005, or June 2005, and that has not changed ownership since December 28, 2004, shall not be disqualified as a “dwelling” or be denied an exemption under this section solely on the basis that the dwelling was

1 temporarily damaged or destroyed or was being reconstructed by
2 the owner, or was temporarily uninhabited as a result of restricted
3 access to the property due to floods, mudslides, the accumulation
4 of debris, or washed-out or damaged roads.

5 (i) Any dwelling that qualified for an exemption under this
6 section prior to December 19, 2005, that was damaged or destroyed
7 by severe rainstorms, floods, mudslides, or the accumulation of
8 debris in a disaster, as declared by the Governor in January 2006,
9 April 2006, May 2006, or June 2006, and that has not changed
10 ownership since December 19, 2005, shall not be disqualified as
11 a “dwelling” or be denied an exemption under this section solely
12 on the basis that the dwelling was temporarily damaged or
13 destroyed or was being reconstructed by the owner, or was
14 temporarily uninhabited as a result of restricted access to the
15 property due to floods, mudslides, the accumulation of debris, or
16 washed-out or damaged roads.

17 (j) Any dwelling that qualified for an exemption under this
18 section prior to July 9, 2006, that was damaged or destroyed by
19 the wildfires and any other related casualty that occurred in the
20 County of San Bernardino, as declared by the Governor in July
21 2006, and that has not changed ownership since July 9, 2006, shall
22 not be disqualified as a “dwelling” or be denied an exemption
23 under this section solely on the basis that the dwelling was
24 temporarily damaged or destroyed or was being reconstructed by
25 the owner, or was temporarily uninhabited as a result of restricted
26 access to the property due to the wildfires.

27 (k) Any dwelling that qualified for an exemption under this
28 section prior to January 11, 2007, that was damaged or destroyed
29 by severe freezing conditions, commencing January 11, 2007, and
30 any other related casualty that occurred in the Counties of El
31 Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey,
32 Riverside, San Bernardino, San Diego, San Luis Obispo, Santa
33 Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba as a
34 result of a disaster as declared by the Governor, and that has not
35 changed ownership since January 11, 2007, shall not be disqualified
36 as a “dwelling” or be denied an exemption under this section solely
37 on the basis that the dwelling was temporarily damaged or
38 destroyed or was being reconstructed by the owner, or was
39 temporarily uninhabited as a result of restricted access to the
40 property due to severe freezing conditions.

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

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

7 17207. (a) An excess disaster loss, as defined in subdivision
8 (c), shall be carried to other taxable years as provided in
9 subdivision (b), with respect to losses resulting from any of the
10 following disasters:

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

13 (2) Storm, flooding, or any other related casualty occurring in
14 1986 in California.

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

17 (4) Earthquake, aftershock, or any other related casualty
18 occurring in 1987 in California.

19 (5) Earthquake, aftershock, or any other related casualty
20 occurring in 1989 in California.

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

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

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

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

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

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

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

38 (13) Any loss sustained as a result of storm, flooding, or any
39 other related casualty that occurred in the Counties of Alpine,
40 Contra Costa, Fresno, Humboldt, Imperial, Lassen, Los Angeles,

1 Madera, Mendocino, Modoc, Monterey, Napa, Orange, Plumas,
2 Riverside, San Bernardino, San Diego, Santa Barbara, Sierra,
3 Siskiyou, Sonoma, Tehama, Trinity, and Tulare, and the City of
4 Fillmore in January 1993.

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

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

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

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

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

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

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

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

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

36 (23) Any losses sustained as a result of the fires that occurred
37 in the Counties of Los Angeles, Riverside, San Bernardino, San
38 Diego, and Ventura in October and November 2003, or as a result
39 of floods, mudflows, and debris flows, directly related to fires.

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

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

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

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

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

(29) Any loss sustained in the Counties of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject of the Governor's proclamations of a state of emergency for the severe freezing conditions commencing January 11, that occurred in January 2007.

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

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

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

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

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

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

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

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

24347.5. (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 October 1987 in California.
- 3 (5) Earthquake, aftershock, or any other related casualty
4 occurring in October 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 or any
16 other related casualty that occurred in the County of San
17 Bernardino in June and July of 1992.
- 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, San
22 Diego, and Ventura in October and November 2003, or as a result
23 of floods, mudflows, and debris flows, directly related to fires.

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

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

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

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

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

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

8 (29) Any loss sustained in the Counties of El Dorado, Fresno,
9 Imperial, Kern, Kings, Madera, Merced, Monterey, Riverside, San
10 Bernardino, San Diego, San Luis Obispo, Santa Barbara, Santa
11 Clara, Stanislaus, Tulare, Ventura, and Yuba that were the subject
12 of the Governor's proclamations of a state of emergency for the
13 severe freezing conditions ~~commencing January 11, that occurred~~
14 ~~in January 2007.~~

15 (b) (1) In the case of any loss allowed under Section 165 of the
16 Internal Revenue Code, relating to losses, any excess disaster loss
17 shall be carried forward to each of the five taxable years following
18 the taxable year for which the loss is claimed. However, if there
19 is any excess disaster loss remaining after the five-year period,
20 then the applicable percentage, as set forth in paragraph (1) of
21 subdivision (b) of Section 24416, of that excess disaster loss shall
22 be carried forward to each of the next 10 taxable years.

23 (2) The entire amount of any excess disaster loss as defined in
24 subdivision (c) shall be carried to the earliest of the taxable years
25 to which, by reason of subdivision (b), the loss may be carried.
26 The portion of the loss which shall be carried to each of the other
27 taxable years shall be the excess, if any, of the amount of excess
28 disaster loss over the sum of the net income for each of the prior
29 taxable years to which that excess disaster loss is 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 net income of the year of loss or, if the election under
33 Section 165(i) of the Internal Revenue Code is made, the net
34 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.

39 (e) Any corporation subject to the provisions of Section 25101
40 or 25101.15 that has disaster losses pursuant to this section, shall

1 determine the excess disaster loss to be carried to other taxable
2 years under the principles specified in Section 25108 relating to
3 net operating losses.

4 (f) Losses allowable under this section may not be taken into
5 account in computing a net operating loss deduction under Section
6 172 of the Internal Revenue Code.

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

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

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

18 (a) The Governor of California has officially proclaimed a state
19 of emergency declaring that the severe freezing conditions,
20 commencing January 11, 2007, that occurred within the Counties
21 of El Dorado, Fresno, Imperial, Kern, Kings, Madera, Merced,
22 Monterey, Riverside, San Bernardino, San Diego, San Luis Obispo,
23 Santa Barbara, Santa Clara, Stanislaus, Tulare, Ventura, and Yuba
24 constitute conditions of extreme peril to public health and safety
25 to persons and property within that county, thus qualifying affected
26 persons for various forms of governmental assistance and relief.

27 (b) This act is consistent with, and supplements, the proclaimed
28 disaster assistance and relief by providing necessary fiscal
29 assistance and tax relief to affected jurisdictions and persons to
30 allow them to maintain essential basic services and repair damage
31 to, and restore, their homes and businesses.

32 SEC. 9. If the Commission on State Mandates determines
33 that this act contains costs mandated by the state, reimbursement
34 to local agencies and school districts for those costs shall be made
35 pursuant to Part 7 (commencing with Section 17500) of Division
36 4 of Title 2 of the Government Code.

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

1 In order to timely provide essential relief to those persons and
2 jurisdictions who have suffered damage or loss as a result of the
3 severe freezing conditions, commencing January 11, 2007, that
4 occurred in the Counties of El Dorado, Fresno, Imperial, Kern,
5 Kings, Madera, Merced, Monterey, Riverside, San Bernardino,
6 San Diego, San Luis Obispo, Santa Barbara, Santa Clara,
7 Stanislaus, Tulare, Ventura, and Yuba as declared by the Governor
8 to be in a state of emergency, it is necessary that this act take effect
9 immediately.

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