

# Legislation

## Property Taxes

### Property Tax Audits

Restructures the mandatory audit program and eliminates the requirement that the assessor audit every business taxpayer with trade fixture and business tangible personal property holdings of \$400,000 or more at least once each four years. Instead, the assessor would be required to annually audit a specified fixed number of taxpayers in the county.

*Assembly Bill 550, Chapter 297, Statutes of 2008; effective January 1, 2009*

### New Construction Exclusion—Active Solar Energy Systems

Extends the sunset date of the exclusion from fiscal year 2008–09 to fiscal year 2015–16. Additionally, allows the initial purchaser of a newly completed residence or building that incorporated an active solar energy system in its construction to receive the exclusion.

*Assembly Bill 1451, Chapter 538, Statutes of 2008; effective September 28, 2008*

### Welfare Exemptions—Supplemental Assessment

Expands the grace period to qualify for the welfare exemption on a newly purchased property from 90 to 180 days.

*Assembly Bill 3035, Chapter 201, Statutes of 2008; effective January 1, 2009*

### Disaster Relief

Allows persons whose homes were destroyed in specified governor-declared disasters to retain the homeowners' exemption on their property while rebuilding. Also provides local governments with funds to replace property tax revenue losses that will occur when assessments are reduced due to the disaster.

*Senate Bill 1064, Chapter 386, Statutes of 2008; effective September 27, 2008*

### Parent-Child Change in Ownership Exclusion Processing Fee

Allows a county board of supervisors to authorize a processing fee of up to \$175 to recover administrative costs to reverse a reassessment of a property ultimately eligible for the parent-child exclusion if the owner was previously notified twice, as specified, of the availability of the exclusion and the need to file a claim.

*Senate Bill 1233, Chapter 349, Statutes of 2008; effective January 1, 2009*

### Welfare Exemption—Low-Income Housing Projects

Extends the welfare exemption to certain low-income rental housing properties previously ineligible because they were not receiving government financing or income tax credits. These provisions are limited to properties associated with litigation involving the construction of a freeway in Los Angeles County. Also cancels outstanding property taxes, including interest and penalties, due on these properties.

*Senate Bill 1284, Chapter 524, Statutes of 2008; effective September 28, 2008*

### Disabled Veterans' Exemption–Disasters

Provides that a dwelling not occupied because of a misfortune or calamity, or a home totally destroyed in a governor–declared disaster will continue to receive the disabled veterans' exemption while the home is being reconstructed.

*Senate Bill 1495, Chapter 594, Statutes of 2008; effective January 1, 2009*

### Grapevines and Trees Damaged by Fires or Strong Winds

Restarts the four–year property tax exemption period for newly planted fruit and nut bearing trees and the three–year exemption period for grapevines currently in their exemption phase that must be pruned back as a result of specified disasters.

*Senate Bill 1562, Chapter 356, Statutes of 2008; effective September 26, 2008*

## Sales and Use Taxes

### Limitations Period for Determinations against Corporate Officers

Incorporates a specific limitations period with respect to issuing a deficiency determination against corporate officers and other responsible persons. Specifically, requires that such determinations be mailed within the earlier of:

- Three years after the last day of the calendar month following the quarterly period in which the BOE obtains actual knowledge, through its audit or compliance activities, of the termination, dissolution, or abandonment of the entity;
- Three years after the last day of the calendar month following the quarterly period in which the BOE obtains written communication by the business or its representative of the termination, dissolution, or abandonment of the entity, or
- Eight years after the last day of the calendar month following the quarterly period in which the entity was terminated, dissolved, or abandoned.

Also specifies that if the business or representative of the business files a notice of termination, dissolution, or abandonment of the entity with a state or local agency other than the BOE, this filing shall not constitute actual knowledge by the BOE under this provision.

*Assembly Bill 1895, Chapter 24, Statutes of 2008; effective January 1, 2009*

### Voluntary Use Tax Reporting

Provides that a deficiency determination for use tax liabilities mailed to a qualifying purchaser shall be limited to the three–year period beginning after the last day of the calendar month following the quarterly period for which the amount is proposed to be determined.

Defines a “qualifying purchaser” as a person that voluntarily files an Individual Use Tax Return for tangible personal property that is purchased from a retailer outside of this state for storage, use, or other consumption in this state, and that meets all of the following conditions:

- (1) The purchaser resides or is located within this state and has not previously done any of the following:

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- Registered with the BOE,
  - Filed an Individual Use Tax Return with the BOE, or
  - Reported use tax on the Individual California Income Tax Return.
- (2) The purchaser is not engaged in business in this state as a retailer.
- (3) The purchaser has not been contacted by the BOE regarding his or her failure to report the use tax.
- (4) The BOE has made a determination that the purchaser's failure to file an Individual Use Tax Return or to otherwise report or pay the use tax was due to reasonable cause and was not caused by reason of negligence, intentional disregard of the law, or by an intent to evade the tax.

Also provides that if the BOE makes a determination that the purchaser's failure to timely report or remit the taxes imposed by this part is due to reasonable cause or due to circumstances beyond the purchaser's control, the purchaser may be relieved of any penalties imposed.

Excludes specified purchases of vehicles, vessels, or aircraft from the provisions described above.

*Assembly Bill 3079, Chapter 306, Statutes of 2008; effective January 1, 2009*

## Special Taxes and Fees

### Offer in Compromise

Allows the BOE, until January 1, 2013, to compromise certain final special taxes, fees, or surcharge (tax) liabilities of:

- Businesses that are not discontinued or transferred if the final tax liability arises from transactions in which the taxpayer did not receive tax, fee or surcharge reimbursement, and
- Persons liable as successors.

*Assembly Bill 2047, Chapter 222, Statutes of 2008; effective January 1, 2009*

### BOE-sponsored Business Tax Omnibus Bill

Contains BOE-sponsored provisions that, specifically with respect to special taxes, redefines "train operator" for purposes of the Motor Vehicle Fuel Tax Law, and requires a train operator transporting fuel products to obtain a license and file monthly information reports on fuel products entering, moving within, and departing the state.

*Assembly Bill 3079, Chapter 306, Statutes of 2008; effective January 1, 2009*

### Underground Storage Tank Maintenance Fee Extension

Extends the sunset date of the Underground Storage Tank Maintenance Fee from January 1, 2011, to January 1, 2016.

*Senate Bill 1161, Chapter 616, Statutes of 2008; effective January 1, 2009*