

Memorandum

Date: April 13, 2018

To: Honorable George Runner, Chair
State Board of Equalization

From: Ms. Kari Hammond, Chief of Staff
Office of Jerome E. Horton, 3rd District
State Board of Equalization

Re: **Proposed April Board Meeting Agenda Item – Recommendation for Board Position on ACA 24 and SB 1091**

Dear Member Runner:

On behalf of Member Jerome Horton, I am requesting the inclusion on the April Board Meeting Agenda a Recommendation for Board Position on SB 1091 (Stone and Anderson) and ACA 24 (Waldron). These two measures seek to facilitate property tax relief on the replacement of a residence in any county when the home is substantially damaged or destroyed in a Governor-declared disaster between January 1, 2017 and June 30, 2018.

Specifically, Assembly Constitutional Amendment (ACA) 24 (Waldron) and Senate Bill (SB) 1091 (Stone and Anderson) create a constitutional amendment and statutory companion amendment to expand the transfer of base year value for disaster relief. The legislation amends California Constitution Article XIII A, Section 2, Subdivision (e)(3) (Proposition 171) and Revenue & Taxation Code Section 69.3 to allow the application of base-year value transfers to a replacement residence in *any* California county for individuals whose home was substantially damaged or destroyed in a Governor-declared disaster occurring on or after January 1, 2017 to July 1, 2018. (Current law limits the transfer of a base-year value to a replacement residence in the same county or one of the eleven counties that have an ordinance authorizing the transfer. The counties are: Contra Costa, Los Angeles, Modoc, San Francisco, Santa Clara, Solano, Sonoma, Sutter, and Ventura.)

Thank you for your time and consideration of this request.

KH/cb

Attachments

cc: Mr. Dean Kinnee, Executive Director, State Board of Equalization
Ms. Brenda Fleming, Chief Deputy Director, State Board of Equalization

FACT SHEET

ACA 24

Assembly Member Waldron, Author
Hon. Jerome E. Horton, Sponsor

IN BRIEF

This measure will facilitate the replacement of a residence in any county when the home is substantially damaged or destroyed in a Governor-declared disaster between January 1, 2017 and June 30, 2018.

THE ISSUE

Natural disasters can bring great damage, loss, destruction and devastation to life, property, and infrastructure. Last year was no exception for California, specifically with the unprecedented wildfires that have created challenges for many local communities in the recovery effort. As a result, residents are forced to move out of their communities and relocate due to the devastation and uncertainty surrounding their old communities. In the aftermath of these disasters, rebuilding can take several months to several years to navigate the process. According to S&P Global Ratings, “supplies of workers and other resources can affect rebuilding, as resources can become scarce given the magnitude of the fires and other recent natural disasters,” – further delaying the process for residents to rebuild and resume a normal life.

SOLUTION

To help California residents, burdened with higher housing costs following the destruction of their primary home from one of last year’s natural disaster events, this measure seeks to allow affected homeowners to buy a comparable property or rebuild their home in any county and retain their original home’s property tax basis.

“ACA 24 will bring financial comfort to the thousands who lost their homes or suffered property damage from the devastating wildfires, by allowing them to rebuild their homes at a site of their choosing without losing their current property’s base-year value.” -Jerome Horton

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AFFECTED CODE SECTION(S)

ACA 24 proposes an amendment to the Constitution of the State of California to amend Section 2 of Article XIII A. Current law provides that you can transfer your current property’s base-year value to a replacement property you obtain or build in another county if that county has an ordinance that allows such taxable value transfers.

FISCAL IMPACT

The revenue loss to the state will be minimal.

Local revenues will benefit by retention of the base –year values transferred to replacement properties and from investor purchases on the sale of the damaged/destroyed properties that will offset the lower valuation.

CONTACTS FOR THE BILL

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FACT SHEET

SB 1091

Senator Jeff Stone, Author
Senator Joel Anderson, Co-Author
Hon. Jerome E. Horton, Sponsor

IN BRIEF

This measure will facilitate the replacement of a residence in any county when the home is substantially damaged or destroyed in a Governor-declared disaster between January 1, 2017 and June 30, 2018.

THE ISSUE

Natural disasters can bring great damage, loss, destruction and devastation to life, property, and infrastructure. Last year was no exception for California, specifically with the unprecedented wildfires that have created challenges for many local communities in the recovery effort. As a result, residents are forced to move out of their communities and relocate due to the devastation and uncertainty surrounding their old communities. In the aftermath of these disasters, rebuilding can take several months to several years to navigate the process. According to S&P Global Ratings, “supplies of workers and other resources can affect rebuilding, as resources can become scarce given the magnitude of the fires and other recent natural disasters,” – further delaying the process for residents to rebuild and resume a normal life.

SOLUTION

To help California residents, burdened with higher housing costs following the destruction of their primary home from one of last year’s natural disaster events, this bill seeks to allow affected homeowners to buy a comparable property or rebuild their home in any county and retain their original home’s property tax basis.

AFFECTED CODE SECTION(S)

SB 1091 amends Section 69.5 of the Revenue and Taxation Code. Current law provides that you can transfer your current property’s base-year value to a replacement property you obtain or build in another county if that county has an ordinance that allows such taxable value transfers.

FISCAL IMPACT

The revenue loss to the state will be minimal.

Local revenues will benefit by retention of the base –year values transferred to replacement properties and from investor purchases on the sale of the damaged/destroyed properties that will offset the lower valuation.

CONTACTS FOR THE BILL

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“SB 1091 will bring financial comfort to the thousands who lost their homes or suffered property damage from the devastating wildfires, by allowing them to rebuild their homes at a site of their choosing without losing their current property’s base-year value.” -Jerome Horton