STATE OF CALIFORNIA

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Executive Secretary

February 10, 1978

No. 78/20

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 4

In compliance with your Legislative Committee's proposal that you be informed of the various property tax bills and amendments being proposed in the State Legislature, we submit to you those measures introduced or amended recently that have reached our office.

We are including only those bills or constitutional amendments that we feel are of importance to you as an assessor. Bills concerning the functions of the tax collector, auditor, and other county or special district officials will usually be excluded.

Copies of bills and amendments introduced may be obtained by placing orders with the Legislative Bill Room (State Capitol, Room 1149, Sacramento, 95814).

ASSEMBLY BILLS

No. 2282 - January 23, 1978

An act to amend Section 1260.220 of the Code of Civil Procedure, to amend the heading of Article 2 (commencing with Section 810) of Chapter 1 of Division 7 of, and to amend Sections 810, 811, 812, 813, 815, 817, and 822 of, the Evidence Code, and to amend Section 4986 of the Revenue and Taxation Code, relating to evidence in the valuation of property.

Under existing law, statutory provisions of the Evidence Code govern the valuation of property in eminent domain and inverse condemnation proceedings. Other actions involving the valuation of property are generally governed by case law.

This bill would make the Evidence Code provisions applicable to any action involving the valuation of property, other than ad valorem property tax assessment or equalization.

This bill would make related changes, making clear the right of a defendant to present evidence of the value of the whole property where the defendant owns a partial interest in certain eminent domain actions.

The bill would specify that certain agents of corporations, partnerships, or unincorporated associations may present opinion evidence of the value of that entity's properties.

The bill would provide that the value of certain leases may not be taken into account in determining the value of the property if it occurs after the filing of the lis pendens in an eminent domain proceeding.

ASSEMBLY BILLS (Contd.)

No. 2282 - (Contd.)

The bill would specify that the amount of taxes due on property is not a proper basis for an opinion as to the value of property, but would delete an existing provision that the mention of that subject is grounds for a mistrial in an eminent domain proceeding.

No. 2295 - January 24, 1978

An act to add Section 2230.5 to the Revenue and Taxation Code, relating to local agencies.

Existing law provides for the reimbursement to local agencies of costs incurred by such local agencies as a result of certain programs mandated by the state, and for the reimbursement of local agencies for tax revenue losses which are the result of certain legislation or executive orders. There is no provision mandating the reimbursement of local agencies for property tax revenues lost as a result of the acquisition of property by the state.

This bill would specify that the state shall reimburse local agencies for certain tax revenues lost as the result of the acquisition of property by the state.

No. 2330 - January 26, 1978

An act to amend Section 218 of the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor.

Existing law exempts from property taxation $7,000 of the full value of a dwelling occupied by an owner thereof as his principal residence.

This bill would increase such exemption to $16,000 of the full value of such dwelling and would provide for the adjustment of such exemption by the average statewide increase in the assessed value of property subject to taxation.

Existing law continuously appropriates funds from the General Fund to the Controller for subventions to local agencies for property tax revenue losses resulting from the homeowners' property tax exemption.

This bill would increase such exemption, thereby affecting the continuous appropriation.

No. 2336 - January 26, 1978

An act to amend Sections 6402 and 6420 of the Streets and Highways Code, relating to the Improvement Act of 1911.

Existing provisions of the Improvement Act of 1911 require unpaid assessments of less than $50 to be collected on the tax roll or as a cash assessment.

This bill would require unpaid assessments of the specified amount over $50 to be collected in such a manner if a legislative body adopts an ordinance establishing an amount over $50.

No. 2337 - January 26, 1978

An act to amend Section 54902.5 of the Government Code, relating to local governmental boundaries.

Existing law requires the State Board of Equalization to establish a schedule of fees for the filing and processing of statements and maps or plats regarding local governmental boundary changes or the boundaries of newly created cities or districts or special zones thereof that are required

ASSEMBLY BILLS (Contd.)

No. 2337 - (Contd.)

to be filed with affected assessors and the state board. Such fees are required to be paid at the time such statement is filed.

This bill would require that payment of such fees be deferred until such time as a newly created city or district receives its first tax revenues.

No. 2342 - January 26, 1978

An act to amend Sections 20505 and 20561 of the Revenue and Taxation Code, relating to property tax assistance.

Under existing law, qualified persons 62 years of age or older may make claims for payments of state funds as assistance for property taxes on their homes or rented residences.

This bill proposes to extend these provisions to persons who are disabled.

No. 2367 - January 30, 1978

An act to amend Sections 20505, 20561, and 20621 of, and to add Section 20505.1 to, the Revenue and Taxation Code, relating to property tax assistance.

Under existing law, payments of state funds are made to homeowners and renters 62 years of age or older on the basis of a percentage (determined by total household income) of property taxes paid by homeowners or the statutory property tax equivalent presumed to be paid by renters. Homeowners who are 62 years of age or older may postpone payment of property taxes on their homes.

This bill would extend such benefits to totally disabled persons, as defined.

SENATE BILLS

No. 6 - Amended January 10, 1978 (First Extraordinary Session)

An act to amend Section 27421 of the Government Code, to amend Sections 218, 275, 1603, 2264, 2265, 2305, 2306, 2307, 2308, 2309, 2325, 2325.1, 11401, 11403, 17053.5, 20505, 20542, 20543, 20544 and 38220 of, to add Sections 37, 253.6, 401.6, 402.8, 1603.5, 2187.5, 2261, 2263, 20505.1 and 20505.2 to, to add Article 10 (commencing with Section 2350) to Chapter 3 of Part 4 of Division 1 of, to add Chapter 2.5 (commencing with Section 17065) to Part 10 of Division 2 of, to add Part 10.6 (commencing with Section 21000) of Division 2 of, to add Division 3 (commencing with Section 50000) of, and to repeal Sections 2261, 2262, 2263, 2263.1, 2263.2, 2266, and 2267 of, the Revenue and Taxation Code, and to amend Sections 12400 and 14150 of the Welfare and Institutions Code, relating to taxation, to take effect immediately tax levy.

Under existing law, all taxable property on the secured roll is subject to taxation at the same rate, while property on the unsecured roll is subject to taxation at the rate applied to the secured roll for the prior fiscal year ~~, and the~~. The first $7,000 of the full value of an owner-occupied dwelling is exempted from taxation.

This bill would provide for the taxation of owner-occupied dwellings at a different rate than other taxable property ~~, and~~. The bill would also authorize an exemption from taxation of $3,000 of the value of an owner-occupied dwelling, in addition to the existing $7,000 exemption.

SENATE BILLS (Contd.)

No. 6 - (Contd.)

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill specifies that notwithstanding such statutory continuous appropriation, no appropriation shall be made by this bill and amendments necessary to reimburse local governments for revenue losses from such exemption shall be appropriated annually in the Budget Act.

Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would revise the method of computing maximum property tax rates so that local agencies shall receive a specified amount of tax revenues.

Existing law authorizes a $37 credit against taxes due under the Personal Income Tax Law for qualified renters. If the amount of the credit exceeds income tax liability, the excess is paid to the claimant.

This bill would change the amount of the credit or payment to $75 commencing with taxable years beginning after December 31, 1977.

Under existing law, payments of state funds are made to homeowners and renters 62 years of age or older on the basis of a percentage (determined by total household income) of property taxes paid by homeowners or the statutory property tax equivalent presumed to be paid by renters.

This bill would extend such benefits to totally disabled persons, and would revise the schedule of benefits payable to homeowners and renters.

This bill would also authorize a state credit with respect to property taxes on any owner-occupied dwelling, as defined, equal to $150 minus certain tax reductions.

Under the existing Personal Income Tax Law, various credits against tax liability are allowed, such as credits for personal exemptions, renters credits, and a credit for the cost of acquiring certain solar energy systems.

This bill would authorize a credit consisting of a minimum of $50 and a maximum of $100 for a single person or a minimum of $100 and a maximum of $200 for a couple filing a joint return against personal income taxes for the 1978 taxable year only.

Existing law does not limit the amount of revenues collected by the State of California.

This bill would set a state revenue limit which is increased annually by the percentage increase in California personal income, as estimated in the Governor's budget.

Under existing law, counties are required to pay a specified share of the costs of the Supplementary Program for the aged, blind and disabled and specified Medi-Cal programs.

This bill would alter counties' shares of such programs according to a formula.

The bill would take effect immediately as a tax levy.

SENATE BILLS (Contd.)

No. 10 - Amended January 30, 1978 (First Extraordinary Session)

An act to amend ~~Sections 16113 and~~ Section 27421 of the Government Code, to amend Sections ~~109, 218, 255, 255.3,~~ 218, 275, ~~401.3, 619, 2192,~~ 2264, 2265, 2305, 2306, 2307, 2308, 2309, 2325, 2325.1, ~~2604, 2610.5,~~ 11401, 11403, ~~17053.5,~~ 17063, 17687, 20505, 20514, 20542, 20544, 20561, 20563, 23400, 23401, 23478, 24833, and 38202 of, to add Sections 37, 253.6, ~~255.05, 255.4, 401.6, 602.1,~~ 401.6, 1603.5, 2187.5, 2261, 2263, ~~2606.5,~~ 2615.6, ~~2618.5,~~ 17064.8, 20505.1, 20505.2, ~~and 20543~~ 20543, and 23401.1 to, ~~to add Article 3.5 (commencing with Section 520) to Chapter 3 of Part 2 of Division 1 of,~~ and to add Division 3 (commencing with Section 50000) to, and to repeal Sections 2261, 2262, 2263, 2263.1, 2263.2, 2266, 2267, 6354, 6359.4, 6359.5, 6383, 6395, 17053.5, and 20543 of, the Revenue and Taxation Code, and to amend Sections 12400 and 14150 of the Welfare and Institutions Code, relating to taxation.

Under existing law, all taxable property on the secured roll is subject to taxation at the same rate, while property on the unsecured roll is subject to taxation at the rate applied to the secured roll for the prior fiscal year, and the first $7,000 of the full value of an owner-occupied dwelling is exempted from taxation.

This bill would provide for the taxation of owner-occupied dwellings at a different rate than other taxable property, and would increase the homeowner's exemption to the first $12,600 of the full value of an owner-occupied dwelling for the 1978-1979 fiscal year and fiscal years thereafter.

Under existing law, local agencies receive a subvention from the state for revenues lost by reason of the exemption of such property through a continuous appropriation of money from the General Fund to the Controller to make such subventions. Any increase in such exemption affects the continuing appropriation.

This bill specifies that it contains no appropriation of funds.

~~Under existing law, all property is assessed, for property tax purposes, on March 1 immediately preceeding the fiscal year for which such taxes are levied.~~

~~This bill would provide for the reassessment of improvements to property occurring after March 1 of each year and for the taxation of such improvements.~~

Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would revise the method of computing maximum property tax rates so that local agencies shall receive a specified amount of tax revenues.

Existing California Sales and Use Tax Law imposes a state sales or use tax on the sale or use of tangible personal property in the state, unless such sale or use is exempted from such tax counties, cities and certain districts are authorized to impose local sales and use taxes in conformity with the state's taxes.

This bill would eliminate certain exemptions from the state sales and use taxes.

Existing law authorizes a $37 credit against taxes due under the Personal Income Tax Law for qualified renters. If the amount of the credit exceeds income tax liability, the excess is paid to the claimant.

This bill would ~~change the amount of~~ repeal the credit ~~or payment to $87~~.

SENATE BILLS (Contd.)

No. 10 - (Contd.)

Under existing law, "items of tax preference" are defined as excess investment interest, certain deductions for depreciation, depletion allowances, stock options, capital gains, and reserves for bad debts, as computed for purposes of the Personal Income Tax Law or the Bank and Corporation Tax Law. Under such laws, items of tax preference are not included for purposes of computing the normal taxes, but such items are subject under both laws to a special minimum tax.

This bill would revise the definition of items of tax preference subject to such special minimum tax.

Under existing law, a taxpayer is allowed a deduction for the depletion of mines in computing the regular taxes. The depletion allowance may be based on either the cost of the property or a percentage of the gross income of the property.

The depletion allowance is a variable percent of the gross income of the mines, depending upon the natural resource mined, excluding from such gross income an amount equal to certain rents and royalties.

This bill would limit the depletion allowance for mines to the adjusted cost of the taxpayer's interest in the property.

Under existing law, payments of state funds are made to homeowners and renters 62 years of age or older on the basis of a percentage (determined by total household income) of property taxes paid by homeowners or the statutory property tax equivalent presumed to be paid by renters.

This bill would extend such benefits to totally disabled persons, and would revise the schedule of such benefits.

Existing law does not limit the amount of revenues collected by the State of California.

This bill would set a state revenue limit which is increased annually by the percentage increase in California personal income, as estimated in the Governor's budget.

Under existing law, counties are required to pay a specified share of the costs of the Supplementary Program for the aged, blind and disabled and specified Medi-Cal programs.

This bill would alter counties' shares of such programs according to a formula.

No. 1406 - January 25, 1978

An act to amend Section 39230 of the Education Code, relating to school district taxes, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law, school districts were, through the 1976-77 fiscal year, authorized to levy a tax of up to 10 cents per each $100 of assessed valuation of property within the district for the purpose of undertaking corrective structural repairs, reconstruction, or replacement of school buildings which do not conform to the so-called Field Act.

This bill would permit school districts to levy the above described tax during the 1978-79, 1979-80, and 1980-81 fiscal years.

Existing law grants the homeowners' property tax exemption in the amount of $7,000 of the full value of qualified dwellings and continuously appropriates state funds for subventions to local government to compensate for property tax

SENATE BILLS (Contd.)

No. 1406 - (Contd.)

revenues lost by reason of such exemption. This bill, by extending the authorization for local tax levies, would cause an increase in the state funds so appropriated.

This bill would take effect immediately as an urgency statute.

SENATE CONSTITUTIONAL AMENDMENT

No. 1 - Amended February 2, 1978 (First Extraordinary Session)

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by ~~amending subdivision (k) of Section 3 of, and by repealing Sections 21, 22, and 25 of Article XIII, and by~~ adding Article XIIIA thereto, relating to taxation.

The State Constitution does not presently limit the amount of tax revenue that may be raised by local agencies.

This bill would limit increases in total tax revenues of local agencies to the percentage increase in ~~the~~ California ~~Consumer Price Index~~ personal income plus the percentage increase in the population of the taxing agency, with certain exceptions.

Sincerely,

Jack F. Eisenlauer

Jack F. Eisenlauer, Chief
Assessment Standards Division

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Enclosures