



**STATE BOARD OF EQUALIZATION  
STAFF LEGISLATIVE BILL ANALYSIS**

DRAFT

Date Amended:	<b>01/07/08</b>	Bill No:	<b><a href="#">AB 1012</a></b>
Tax:	<b>Property</b>	Author:	<b>C. Calderon</b>
Related Bills:		Position:	<b>Support as Sponsor</b>

**BILL SUMMARY**

Related to the disabled veterans' property tax exemption, this bill deletes references to obsolete exemption amounts and corrects a code section transposition error.

**SUMMARY OF AMENDMENTS**

The amendments deleted the prior version of the bill which would have required the Board of Equalization to undertake various studies related to petroleum properties

**ANALYSIS**

**CURRENT LAW**

Existing law provides a "disabled veterans' exemption" to reduce the property tax assessed value of the home of a qualified veteran and after the veteran's death. The disabled veterans' exemption is also available to the surviving spouse of a person who died in active duty as a result of a service connected injury or death and thus never had become a "veteran."

The amount of the exemption depends upon the claimant's income:

- The basic exemption amount is \$100,000 with annual increases for inflation. For 2008, the exemption is \$111,296.
- The low-income exemption is \$150,000 with annual increases for inflation. For 2008, the exemption is \$166,944 for those with a household income below \$49,969.

A claim must be filed with the local county assessor to receive the exemption. If filing for the basic exemption, a claim need only be applied for once. The low-income exemption requires a claim to be filed each year to verify income eligibility. The annual filing period is between January 1 and February 15. However if a claim is filed after the deadline, the exemption can still be received at a reduced level as outlined in Revenue and Taxation Code Section 276.

In 1989, the exemption amounts were increased from \$40,000 and \$60,000 to \$100,000 and \$150,000, respectively, but with a sunset clause that would automatically reduce the exemption amounts to the prior levels in future years. However, in later years legislation was enacted making the increased exemption amounts permanent.

**PROPOSED LAW**

This bill would amend Section 276 to simply delete references to outdated exemption amount levels.

This bill would also amend Section 276 to correct a transposition error intending a cross reference to Section 4985, rather than Section 4895, relating to the provisions of law for cancelling taxes due. In some cases, to grant a disabled veterans' exemption for a late filed claim, a cancellation of property taxes outstanding is necessary.

**COMMENTS**

1. **Sponsor and purpose.** This bill is sponsored by the Board of Equalization as an administrative housekeeping measure.
2. **Amendments.** The January 7 amendments gutted the bill and added the current provisions in its place.
3. **Exemption Amounts.** This bill would delete references to exemption amounts that have since been increased and are now obsolete. In 1989, the amounts for the disabled veterans' exemption were increased from \$40,000 and \$60,000 to \$100,000 and \$150,000, respectively, but with a sunset clause that would have automatically reduced the exemption amounts to the prior levels. Ultimately, the increased exemption amounts were made permanent by Senate Bill 320 (Stats. 1989, Ch. 1077) and Senate Bill 2195 (Stats. 2000, Ch. 1086) and most sections of the code were appropriately updated. However, one provision of code, Revenue and Taxation Code Section 276, still contains references to the outdated exemption amounts of \$40,000 and \$60,000, which this bill would correct.
4. **Property Tax Bill Cancellations.** In addition, this bill would also correct a transposition error within Section 276 that intends a reference to Section 4985, rather than Section 4895, which is the correct section of law related to cancellations of outstanding tax liability.

**COST ESTIMATE**

This bill has no cost impact.

**REVENUE ESTIMATE**

This bill has no revenue impact.

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