

Amend Section 194 of the Property Taxes Law to update the minimum amount of damage to qualify for property tax deferral from \$5,000 to \$10,000.

Source: Property and Special Taxes Department and Legal Department

Property taxes may be reduced following a disaster, misfortune, or calamity in those counties where the board of supervisors has adopted an ordinance authorizing the disaster relief provisions of Revenue and Taxation Code section 170. Disaster relief is provided by allowing the county assessor, under specified conditions, to reassess the property after the lien date to recognize the loss in a property's market value. One of these conditions is that the sum of the full cash values of the land, improvements and personalty before the damage or destruction exceeds the sum of the values after the damage by \$10,000 or more. This threshold amount was increased from \$5,000 to \$10,000 by SB 1181 (Chapter 407, Stats. 2001), effective January 1, 2002.

In addition, any property owner whose real property has been substantially damaged or destroyed in a Governor proclaimed state of emergency, and who has applied for property tax relief under Section 170, may apply to defer payment of property taxes on the next installment of the regular secured roll pursuant to Section 194 et seq. To qualify for deferral, for property receiving a homeowners' exemption, subdivision (f) of Section 194 defines "substantial disaster damage" as damage amounting to at least 10 percent of its fair market value or \$5,000, whichever is less. For all other property, the damage must be at least 20% of value. The damage threshold of \$5,000 is now outdated since the threshold to qualify for relief under Section 170 has been increased to \$10,000. Therefore, the \$5,000 threshold amount in Section 194(f) should be increased to \$10,000 to conform with the change made to Section 170 effective January 1, 2002.

Section 194 of the Revenue and Taxation Code is amended to read:

194. As used in this chapter:

(a) "Eligible county" means a county that meets both of the following requirements:

(1) Has been proclaimed by the Governor to be in a state of emergency.

(2) Has adopted an ordinance providing property tax relief for disaster victims as provided in Section 170.

(b) "Eligible property" means real property and any mobilehome, including any new construction that was completed or any change in ownership that occurred prior to the date of the disaster that meets both of the following requirements:

(1) Is located in an eligible county.

(2) Has sustained substantial disaster damage and the disaster resulted in the issuance of a state of emergency proclamation by the Governor.

“Eligible property” does not include any real property or any mobilehome, whether or not it otherwise qualifies as eligible property, if that real property or mobilehome was purchased or otherwise acquired by a claimant for relief under this chapter after the last date on which the disaster occurred.

(c) “Fair market value” means “full cash value” or “fair market value” as defined in Section 110.

(d) “Next property tax installment payment date” means December 10 or April 10, whichever date occurs first after the last date on which the eligible property was damaged.

(e) “Property tax deferral claim” means a claim filed by the owner of eligible property in conjunction with, or in addition to, the filing of an application for reassessment of that property pursuant to Section 170, that enables the owner to defer payment of the next installment of taxes on property on the regular secured roll for the current fiscal year, as provided in Section 194.1 or to defer payment of taxes on property on the supplemental roll for the current fiscal year, as provided in Section 194.9.

(f) “Substantial disaster damage,” as to real property located in a county declared to be a disaster by the Governor, means, with respect to real property and any mobilehome that has received the homeowners’ exemption or is eligible for the exemption as of the most recent lien date, damage amounting to at least 10 percent of its fair market value or ~~five~~ ten thousand dollars (~~\$5,000~~10,000), whichever is less; and, with respect to other property, damage to the parcel of at least 20 percent of its fair market value immediately preceding the disaster causing the damage.