



BOARD APPROVED ON

Meeting Date: 01/15/2021

Minutes Exhibit: 1.10

/s/ Catherine Taylor

Catherine Taylor, Chief,
Board Proceedings and Support Services

DRAFT

Revenue and Taxation Code Section 63.2, 69.1, and 69.6 is ADDED to the

ADD Proposed Revenue and Taxation Code Section 63.2.

PARENT-CHILD AND GRANDPARENT-GRANDCHILD EXCLUSIONS

Beginning on and after February 16, 2021, the following shall apply:

(a) Notwithstanding any other provision of this chapter, beginning on and after February 16, 2021, a change in ownership shall not include, in whole or part, the following purchases or transfers for which a claim is filed pursuant to this section:

(1) A purchase or transfer of a family home between parents and their children if all of the following conditions are met:

(A) The property continues as the family home of an eligible transferee.

(B) Is the principal residence of an eligible transferor

(C) Is established as an eligible transferee's principal residence within one year of the purchase or transfer.

(2) A purchase or transfer of a family farm between parents and their children.

(3) A purchase or transfer of a family home and family farm from a foster child to the child's biological parent shall not be excluded under subparagraph (1) or (2) if the transferor child received that family home or family farm, or interest therein, from a foster parent through a purchase or transfer that was excluded under subparagraph (1) or (2).

(4) A purchase or transfer of a family home or family farm, as provided in (1) and (2) of this paragraph, between grandparents and grandchildren if all of the parents of those grandchildren, who qualify as children of the grandparents, are deceased as of the date of the purchase or transfer.

(b) The exclusions provided for in subdivision (a) shall not be allowed unless the eligible transferee, the transferee's legal representative, the trustee of the transferee's trust, or the executor or administrator of the transferee's estate files a claim with the assessor for the exclusion sought and furnishes to the assessor each of the following:

(1)(A) A written certification by the transferee, the transferee's legal representative, the trustee of the transferee's trust, or the executor or administrator of the transferee's estate, signed and made under penalty of perjury:

(i) That the transferee is a parent, child, grandchild, or grandparent of the transferor and that the transferor is his or her parent, child, grandchild, or grandparent. In the case of a transfer between grandparents and grandchildren transfer, the written certification shall also include a certification that all the parents of the grandchild or grandchildren who qualify as children of the grandparent or grandparents were deceased as of the date of the purchase or transfer.

(ii) If the transfer is of a family farm, that the transferee will continue to use the property as a family farm.

(iii) A written certification by the transferor, the transferor's legal representative, the trustee of the transferor's trust, or the executor or administrator of the transferor's estate, signed and made under penalty of perjury that the transferor is a grandparent, parent, child or grandchild of the transferee and that the transferor is seeking the exclusion under this section and will not file a claim to transfer the base year value of the property under Section (whatever it ends up being).

(B) If there are multiple transferees, the written certification shall also include the certification and signature made by any one of the transferees meeting all of the following conditions:

(i) The transferee has actual knowledge that, and the certification signed by the transferee identifies the transferees that are eligible transferees within the meaning of this section. Modified to remove all transferees need to be eligible

(ii) The transferee or legal representative identifies the relationship between each transferee to the transferor.

(iii) The certification is signed by the transferee as a true statement made under penalty of perjury.

(iv) The certification is signed by the transferee who is occupying the property as their principal residence if the transfer is of a primary residence, or by a transferee continuing to farm if the transfer is of a family farm.

(C) In the case of a transfer between a foster parent and foster child, the claim filed with the assessor shall include a certified copy of the court decision regarding the foster child status of the individual and a certified statement from the appropriate county agency stating that the foster child was not, because of a legal barrier, adopted by the foster parent or foster parents. Upon a request by the county assessor, the claimant also shall provide to the assessor legal substantiation of any matter certified under this subparagraph.

(2) An eligible transferee of a primary residence:

(A) Claims, and qualifies for, the homeowner's exemption or disabled veteran's exemption at the time of purchase or transfer.

(B) Who fails to claim the homeowner's exemption or disabled veteran's exemption at the time of the purchase or transfer of the family home may receive the property tax benefit provided by this section by claiming, and qualifying for, the homeowner's exemption or disabled veteran's exemption within one year of the purchase or transfer of the family home, and shall be entitled to a refund of taxes previously owed or paid between the date of the transfer and the date the transferee claims the homeowner's exemption or disabled veteran's exemption.

(3) If the transfer is of a family farm, the certification shall include:

(A) Identification either by Assessor's Parcel Number or legal description of the real property included in the farm's appraisal unit.

(i) "Real property" means that appraisal unit that persons in the marketplace commonly buy and sell as a unit, or that is normally valued separately.

(B) Whether there is a principal residence that is subject to paragraph (1) of subdivision (a) of this section, and if so, identification of the location of the principal residence either by Assessor's Parcel Number or legal description

(c) Beginning on and after February 16, 2021, the new base value of the family home or family farm, shall be the sum of both the following:

(1) The taxable value of the family home or family farm as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date immediately prior to the date the principal residence or family farm is purchased or transferred to the transferee.

(2) The applicable of the following amounts:

- A. If the fair market value, as defined in section 110(a), of the family home or family farm upon purchase by, or transfer to, the transferee is less than the sum of the taxable value described in paragraph (1) of subdivision (c) plus one million dollars (\$1,000,000), then zero dollars (\$0).*
- B. If the fair market value, as defined in section 110(a), of the family home or family farm home upon purchase by, or transfer to, the transferee is equal to or more than the sum of the taxable value described in paragraph (1) of subdivision (c) plus one million dollars (\$1,000,000), an amount equal to the fair market value of the family home upon purchase by, or transfer to, the transferee, minus the sum of the taxable value described in paragraph (1) of subdivision (c) and one million dollars (\$1,000,000).*

(3) Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision for adjustments of the new base year value described in subparagraph (B) of paragraph (2) of this section.

(d) Beginning on February 16, 2023, and every other February 16 thereafter, the State Board of Equalization shall adjust the one-million-dollar (\$1,000,000) amount

described in paragraph (2) of subdivision (c), for inflation to reflect the percentage change in the House Price Index for California for the prior calendar year, as determined by the Federal Housing Finance Agency. The State Board of Equalization shall calculate and publish the adjustments required by this paragraph.

(e)(1) For purposes of paragraph (1) of subdivision (a), "family home" of the transferor means a dwelling that is eligible for a homeowners' exemption or a disabled veterans' exemption as a result of the transferor's ownership and occupation of the dwelling. "Family home" includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(2) For purposes of paragraph (2) of subdivision (a), a "family farm" means both of the following:

(A) Any real property which is under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity

(i) "Agricultural commodity" means any and all plant and animal products produced in this state for commercial purposes, including, but not limited to, plant products used for producing biofuels, and industrial hemp cultivated in accordance with Division 24 (commencing with Section 81000) of the Food and Agricultural Code.

(B) Any real property that is part of the family farm's appraisal unit, excluding any part that qualifies under paragraph (1) of subdivision (a).

(3) For purposes of paragraph (1) of subdivision (a), "principal residence" of the transferee means a dwelling for which a homeowners' exemption or a disabled veterans' exemption is filed as a result of a transferee's ownership and occupation of the dwelling within one year of purchase or transfer of the property. "Principal residence" includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(f) As used in this section:

(1) "Purchase or transfer between parents and their children" means either a transfer from a parent or parents to a child or children of the parent or parents or a transfer from a child or children to a parent or parents of the child or children. For purposes of this section, the date of any transfer between parents and their children under a will or by intestate succession shall be the date of the decedent's death.

(2) "Purchase or transfer of real property between grandparents and their grandchild or grandchildren" means a purchase or transfer from a grandparent or grandparents to a grandchild or grandchildren, or from a grandchild or grandchildren to a grandparent or grandparents, if all of the parents of that grandchild or those grandchildren who qualify as the children of the grandparent or grandparents are deceased as of the date of the transfer. For purposes of this

section, the date of any transfer between grandparents and their grandchildren under a will or by intestate succession shall be the date of the decedent's death. Notwithstanding any other provision of law in determining whether "all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer," a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased on the date of the transfer.

(3) "Children" means any of the following:

(A) Any child born of the parent or parents, except a child, as defined in subparagraph (D), who has been adopted by another person or persons.

(B) Any stepchild of the parent or parents and the spouse of that stepchild while the relationship of stepparent and stepchild exists. For purposes of this paragraph, the relationship of stepparent and stepchild shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.

(C) Any son-in-law or daughter-in-law of the parent or parents. For the purposes of this paragraph, the relationship of parent and son-in-law or daughter-in-law shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving son-in-law or daughter-in-law.

(D) Any child adopted by the parent or parents pursuant to statute, other than an individual adopted after reaching 18 years of age.

(E) Any foster child of a state-licensed foster parent, if that child was not, because of a legal barrier, adopted by the foster parent or foster parents before the child aged out of the foster care system. For purposes of this paragraph, the relationship between a foster child and foster parent shall be deemed to exist until terminated by death. However, for purposes of a transfer that occurs on the date of death, the relationship shall be deemed to exist on the date of death.

(4) "Grandchild" or "grandchildren" means any child or children of the child or children of the grandparent or grandparents.

(5) "Full cash value" means full cash value, as defined in section 2 of Article XIII A of the California Constitution and Section 110.1, with any adjustments authorized by those sections, and the full value of any new construction in progress, determined as of the date immediately prior to the date of a purchase by, or transfer to, an eligible transferee of a family home or family farm subject to this section.

(6) "Eligible transferor" means a grandparent, parent, ~~or~~ child, or grandchild of an eligible transferee.

(7) "Eligible transferee" means a grandparent, parent, child, or grandchild of an eligible transferor.

(8) "Real property" means real property as defined in Section 104. Real property does not include any interest in a legal entity. For purposes of this section, real property includes any of the following:

(A) An interest in a unit or lot within a cooperative housing corporation, as defined in subdivision (i) of Section 61.

(B) A pro rata ownership interest in a mobilehome park, as defined in subdivision (b) of Section 62.1.

(C) A pro rata ownership in a floating home marina, as defined in subdivision (c) of Section 62.5.

(9) "Family home" has the same meaning as "principal residence."

(10) "Family farm" means any real property which is under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity.

(A) "Agricultural commodity" means any and all plant and animal products produced in this state for commercial purposes, including, but not limited to, plant products used for producing biofuels, and industrial hemp cultivated in accordance with Division 24 (commencing with Section 81000) of the Food and Agricultural Code.

(11) "Principal Residence" means a dwelling that is eligible for a homeowner's exemption or a disabled veteran's exemption as a result of a person's ownership and occupation of the dwelling. "Principal residence" includes only that portion of ~~land~~ the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(12) "Transfer" includes, and is not limited to, any transfer of the present beneficial ownership of property from an eligible transferor to an eligible transferee through the medium of an inter vivos or testamentary trust.

(g)(1) The State Board of Equalization shall design the form for claiming eligibility. Except as provided in paragraph (2), any claim under this section shall be filed:

(A) Within three years after the date of the purchase or transfer of real property for which the claim is filed, or prior to transfer of the real property to a third party or an eligible transferee no longer occupies the residence, whichever is earlier.

(B) Notwithstanding subparagraphs (A), a claim shall be deemed to be timely filed if it is filed within six months after the date of mailing of a notice of supplemental or escape assessment, issued as a result of the purchase or transfer of real property for which the claim is filed.

(2) In the case in which the real property subject to purchase or transfer has not been transferred to a third party, a claim for exclusion under this section that is filed subsequent to the expiration of the filing periods set forth in paragraph (1) shall be considered by the assessor, subject to all of the following conditions:

(A) Any exclusion granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) Under any exclusion granted pursuant to that claim, the adjusted full cash value of the subject real property in the assessment year described in subparagraph (A) shall be the adjusted base year value of the subject real property in the assessment year in which the excluded purchase or transfer took place, factored to the assessment year described in subparagraph (A) for all of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property.

(iii) Any increase that would occur under paragraph (2) of subdivision (c), with inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(3) Unless otherwise expressly provided, the provisions of this subdivision shall apply to any purchase or transfer of real property that occurred on or after February 16, 2021.

(4) For purposes of this subdivision, a transfer of real property to an eligible grandparent, parent, child, or grandchild of the transferor shall not be considered a transfer to a third party.

(h) This section shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree. Nothing in this subdivision shall be construed as conflicting with the general principle that transfers by reason of death occur at the time of death.

(i) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the transferee and the transferor or their respective spouse, the transferee's legal representative, the transferor's legal representative, the trustee of the transferee's trust, the trustee of the transferor's trust, and the executor or administrator of the transferee's or transferor's estate.

(j) (1) If the assessor notifies the transferee in writing of potential eligibility for exclusion from change in ownership under this section, a certified claim for exclusion shall be filed with the assessor within 45 days of the date of the notice of

potential eligibility. If a certified claim for exclusion is not filed within 45 days, the assessor may send a second notice of potential eligibility for exclusion, notifying the transferee that a certified claim for exclusion has not been received and that reassessment of the property will commence unless a certified claim for exclusion is filed within 60 days of the date of the second notice of potential eligibility. The second notice of potential eligibility shall indicate whether a certified claim for exclusion that is not filed within 60 days will be subject to a processing fee as provided in paragraph (2).

(2) If a certified claim for exclusion is not filed within 60 days of the date of the second notice of potential eligibility and an eligible transferee subsequently files a claim and qualifies for the exclusion, the assessor may, upon authorization by a county board of supervisors, require an eligible transferee to pay a one-time processing fee, collected at the time the claim is submitted, and reimbursed by the assessor if the claim is ineligible. The fee shall be subject to the provisions of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code and shall not exceed the amount of the actual and reasonable costs incurred by the assessor for reassessment work done due to failure to file the claim for exclusion or one hundred seventy-five dollars (\$175), whichever is less.

(3) The failure to file a certified claim for exclusion within the filing periods specified by this subdivision shall not be construed to limit any exclusion from being granted pursuant to a claim filed within the filing periods specified by subdivision (g).

(4) Beginning on or after February 16, 2021, the family home must be maintained continuously as a family home by an eligible transferee, whether by the eligible transferee that initially used the home as a primary residence or subsequently by another eligible transferee that received the property from the eligible transferor.

(A) A subsequent eligible transferee must reside in the family home within one year after the previous eligible transferee no longer occupied the residence as their principal residence, and must file for, and qualify for, the homeowner's exemption or disabled veteran's exemption within that year.

(B) If an eligible transferee fails to establish the family home as their primary residence within a year, the change in ownership exclusion that applied at the initial transfer of the family home no longer applies. As of the ensuing lien date, the factored fair market value established as of the change in ownership date to which the exclusion applied, will be enrolled.

(C) A notice shall be sent to inform the transferee of the fair market value established as of the change-of-ownership event.

(D) If the transferee that is the primary resident moves out of the family home, they must notify the Assessor within 60 days of vacating the primary residence or alternatively, they must notify the Assessor by December 10th (the last

day to terminate the Homeowner's exemption without penalty.¹ The Assessor should receive notice of ineligibility by that date).

(E) Upon request by the Assessor, any person claiming exclusion under **Section XX 63.2**, shall submit to the Assessor annually an affidavit giving any information required by the Board. The Assessor may deny the exclusion if any person fails to submit the annual affidavit.

(k) After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, and 2.3 of Article XIII A of the California Constitution.

(l) Subdivision (h) of section 2 of Article XIII A of the California Constitution shall be inoperative as of February 16, 2021, and subdivision (b) section 2.1 of Article XIII A of the California Constitution shall be operative as of February 16, 2021.

ADD Proposed Revenue and Taxation Code Section 69.1.

Natural Disaster or Governor Declared Base Year Transfers for Primary Residence anywhere in the state, with no limit to location or value section

(a) Notwithstanding any other law, pursuant to paragraph (b) of section 2.1 of Article XIII A of the California Constitution, a victim of a wildfire or natural disaster may transfer the taxable value of their primary residence to a replacement primary residence located anywhere in this state, regardless of the location or value of the replacement primary residence, that is purchased or newly constructed as that person's principal residence within two years of the sale of the original primary residence.

(b) The base year value of the original primary residence shall be the base year value of the original primary residence as determined in accordance with section 110.1, with the inflation factor adjustments permitted by subdivision (f) of section 110.1, determined as of the date immediately prior to the date that the original primary residence was substantially damaged or destroyed. The taxable value of the original property shall also include any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the date of the substantial damage to, or destruction of, the original primary residence and up to the date the replacement primary residence is acquired or newly constructed, regardless of whether the victim of a wildfire or natural disaster continued to own the original primary residence during this entire period. The base year or years used to compute the taxable value of the original primary residence shall be deemed to be the base year or years of any original primary residence to which that base year value is transferred pursuant to this section.

(c) For purposes of this section:

¹ Revenue and Taxation section 504. See also Property Tax Rule 135(b)(4)

(1) *"Disabled veteran's exemption" means the exemption authorized by subdivision (a) of section 4 of Article XIII, and by Section 205.5 of Chapter 1.*

(2) *"Full cash value" or "fair market value" means the amount of cash or its equivalent that property would bring if exposed for sale in the open market under conditions in which neither buyer nor seller could take advantage of the exigencies of the other, and both the buyer and the seller have knowledge of all of the uses and purposes to which the property is adapted and for which it is capable of being used, and of the enforceable restrictions upon those uses and purposes. Section 110.*

(3) *"Full cash value of the original property" means its full cash value, as determined in accordance with Section 110, immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.*

(4) *"Full cash value of the replacement property" means its full cash value, as determined in accordance with Section 110.1 as of the date upon which it was purchased or new construction was completed, that is applicable on and after that date.*

(5) *"Homeowner's exemption" means the exemption provided by subdivision (k) of section 3 of Article XIII, and in Section 218 of Chapter 1.*

(6) *"Natural disaster" means the existence, as declared by the Governor, of conditions of disaster or extreme peril to the safety of persons or property within the affected area caused by conditions such as fire, flood, drought, storm, mudslide, earthquake, civil disorder, foreign invasion, or volcanic eruption.*

(7) *"Original primary residence" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a victim of a wildfire or natural disaster as his or her principal place of residence, and any land owned by the victim of a wildfire or natural disaster on which the building, structure, or other shelter is situated, that has been substantially damaged or destroyed by a disaster. For purposes of this paragraph, land constituting a part of original primary residence includes only that area of reasonable size that is used as a site for a residence, and "land owned by the victim of a wildfire or natural disaster" includes land for which the victim of a wildfire or natural disaster either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. For purposes of this paragraph, each unit of a multiunit dwelling shall be considered a separate original primary residence.*

(8) *"Primary residence" means a residence eligible for either of the following:*

(A) The homeowner's exemption.

(B) The disabled veteran's exemption.

(9) *"Principal Residence" means a dwelling that is eligible for a homeowner's exemption or a disabled veteran's exemption as a result of the transferor's ownership and occupation of a dwelling.*

(10) *"Replacement primary residence" has the same meaning as "replacement dwelling," as that term is defined in subdivision (a) of section 2 of Article XIII A.*

(11) "Substantially damaged or destroyed" means property where improvements sustain physical damage amounting to more than 50 percent of either the land's or the improvement's full cash value immediately prior to the disaster. Damage includes a diminution in the value of property as a result of restricted access to the property where the restricted access was caused by the disaster and is permanent in nature.

(12) "Taxable value" means the base year value determined in accordance with subdivision (a) of Section 2 plus any adjustment authorized by subdivision (b) of Section 2 of Article XIII A, and Section 110.1 of Chapter 1.

(13) "Victim of a wildfire or natural disaster" means the owner of a primary residence that has been substantially damaged as a result of a wildfire or natural disaster that amounts to more than 50 percent of the improvement value of the primary residence immediately before the wildfire or natural disaster. For purposes of this paragraph, "damage" includes a diminution in the value of the primary residence as a result of restricted access caused by the wildfire or natural disaster.

(14) "Wildfire" means an unplanned, unwanted wildland fire, including unauthorized human-caused fires, escaped wildland fire use events, escaped prescribed fire projects, and all other wildland fires where the objective is to extinguish the fire.

(d) For purposes of this section, the assessor shall use the following procedure in determining the appropriate replacement taxable value of the replacement primary residence:

(1) If the full cash value of the replacement primary residence does not exceed 100 percent of the full cash value of the primary residence substantially damaged or destroyed, then the adjusted taxable year value of the primary residence substantially damaged or destroyed shall be transferred to the replacement primary residence as its replacement taxable value.

(2) If the full cash value of the replacement primary residence exceeds 100 percent of the full cash value of the property substantially damaged or destroyed, then the amount of the full cash value over 100 percent of the full cash value of the property substantially damaged or destroyed shall be added to the adjusted taxable value of the principal residence substantially damaged or destroyed. The sum of these amounts shall become the replacement property's replacement taxable value.

(3) The full cash value of the property substantially damaged or destroyed shall be the amount of its full cash value immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.

(4) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings pursuant to this section.

(e) For purposes of this section:

(1) Property is substantially damaged or destroyed if the improvements sustain physical damage amounting to more than 50 percent the improvement's full cash

value immediately prior to the wildfire or disaster. Damage includes a diminution in the value of property as a result of restricted access to the property where the restricted access was caused by the disaster and is permanent in nature.

(2) The base year value of the original primary residence shall be the base year value of the original primary residence as determined in accordance with Section 110.1, with the inflation factor adjustments permitted by subdivision (f) of Section 110.1, determined as of the date immediately prior to the date that the original primary residence was substantially damaged or destroyed. The taxable value of the original property shall also include any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the date of the substantial damage to, or destruction of, the original primary residence and up to the date the replacement primary residence is acquired or newly constructed, regardless of whether the victim of a wildfire or natural disaster continued to own the original primary residence during this entire period. The base year or years used to compute the taxable value of the original primary residence shall be deemed to be the base year or years of any original primary residence to which that base year value is transferred pursuant to this section.

(3) The original primary residence is eligible for the homeowners' exemption or the disabled veteran's exemption, as the result of the claimant's ownership and occupation of the property as his or her primary residence, either at the time of its sale, or at the time when the original primary residence was substantially damaged or destroyed by a wildfire or Governor declared disaster, or within two years of the purchase or new construction of the replacement dwelling.

(4) Only the victim of a wildfire or natural disaster of the property that has been substantially damaged or destroyed may receive property tax relief pursuant to this section. Relief under this section shall be granted to an owner or owners of a substantially damaged or destroyed property purchasing a replacement primary residence. The acquisition of an ownership interest in a legal entity that, directly or indirectly, owns real property is not an acquisition of a replacement primary residence for purposes of this section.

(5) A timely claim for relief pursuant to this section, in that form as shall be prescribed by the board, shall be filed by the owner with the assessor of the county in which the replacement primary residence is located. No relief pursuant to this section shall be granted unless the claim is filed within two years after the replacement property is acquired or newly constructed, whichever is later.

(6) Any taxes that were levied on the replacement property prior to the filing of a claim on the basis of the replacement property's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(7) A claim for transfer of base year value under this section that is filed after the expiration of the filing period set forth in subparagraph (5) shall be considered by the assessor, subject to all of the following conditions:

(A) Any base year value transfer granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) The full cash value of the replacement property in the assessment year described in subparagraph (2) shall be the base year value of the real property in the assessment year in which the base year value was transferred, factored to the assessment year described in subparagraph (A) in addition to the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property.

(iii) Any increase authorized under paragraph (2) of subdivision (d), plus inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(8) This section shall apply to any replacement primary residence located within the state that is acquired or newly constructed as a replacement for property that has been substantially damaged or destroyed by a disaster occurring on or after April 1, 2021.

(f) After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, and 2.3 Article XIII A of the California Constitution-

ADD Proposed Revenue and Taxation Code Section 69.6.

SENIORS AND SEVERELY DISABLED BASE YEAR TRANSFERS

Beginning on and after April 1, 2021, the following shall apply:

(a) Notwithstanding any other provision of law, pursuant to section 2.1 of Article XIII A of the California Constitution, any person over the age of 55 years, or any severely disabled person, who resides in property that is eligible for the disabled veteran's exemption or homeowners' exemption under subdivision (k) of section 3 of Article XIII of the California Constitution and Sections 205 and 218 may transfer, subject to the conditions and limitations provided in this section, the base year value of that property to any replacement dwelling that is purchased or newly constructed by that person as his or her primary residence within two years of the sale by that person of the original property, provided that the base year value of the original property shall not be transferred to the replacement dwelling until the original property is sold. A replacement property may be located anywhere in the state of California. A person shall not be allowed to transfer the taxable value of a primary residence more than three times pursuant to this subdivision.

(b) In addition to meeting the requirements of subdivision (a), any person claiming the property tax relief provided by this section shall be eligible for that relief only if the following conditions are met:

(1) The claimant is an owner and a resident of the original property either at the time of its sale, or within two years of the purchase or new construction of the replacement dwelling.

(2) The original property is eligible for the homeowners' exemption or disabled veteran's exemption, as the result of the claimant's ownership and occupation of the property as his or her principal residence, either at the time of its sale, or within two years of the purchase or new construction of the replacement dwelling.

(3) At the time of the sale of the original property, the claimant is at least 55 years of age, or is severely disabled.

(4) At the time of claiming the property tax relief provided by subdivision (a), the claimant is an owner of a replacement dwelling and occupies it as his or her principal place of residence and, as a result thereof, the property is currently eligible for the homeowners' exemption or disabled veteran's exemption, or would be eligible for the exemption except that the property is already receiving the exemption because of an exemption claim filed by the previous owner.

(5) The original property of the claimant is sold by him or her within two years of the purchase or new construction of the replacement dwelling. For purposes of this paragraph, the purchase or new construction of the replacement dwelling includes the purchase of that portion of land on which the replacement building, structure, or other shelter constituting a place of abode of the claimant will be situated and that, pursuant to paragraph (3) of subdivision (g), constitutes a part of the replacement dwelling.

(6) The claimant has not previously been granted, as a claimant, the property tax relief provided by this section more than two previous times. In order to prevent more than three claims under this section within this state, county assessors shall report quarterly to the State Board of Equalization that information from claims filed in accordance with subdivision (f) and from county records as is specified by

the board necessary to identify fully all claims under this section allowed by assessors and all claimants who have thereby received relief. The board may specify that the information include all or a part of the names and social security numbers of claimants and location of the replacement dwelling to which the claim applies. The information may be required in the form of data processing media or other media and in a format that is compatible with the recordkeeping processes of the counties and the auditing procedures of the state.

(c) The property tax relief provided by this section shall be available if the original property or the replacement dwelling, or both, of the claimant includes, but is not limited to, either of the following:

(1) A unit or lot within a cooperative housing corporation, a community apartment project, a condominium project, or a planned unit development. If the unit or lot constitutes the original property of the claimant, the assessor shall transfer to the claimant's replacement dwelling only the base year value of the claimant's unit or lot and his or her share in any common area reserved as an appurtenance of that unit or lot. If the unit or lot constitutes the replacement dwelling of the claimant, the assessor shall transfer the base year value of the claimant's original property only to the unit or lot of the claimant and any share of the claimant in any common area reserved as an appurtenance of that unit or lot.

(2) A manufactured home or a manufactured home and any land owned by the claimant on which the manufactured home is situated. For purposes of this paragraph, "land owned by the claimant" includes a pro rata interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(A) If the manufactured home or the manufactured home and the land on which it is situated constitutes the claimant's original property, the assessor shall transfer to the claimant's replacement dwelling either the base year value of the manufactured home or the base year value of the manufactured home and the land on which it is situated, as appropriate. If the manufactured home dwelling that constitutes the original property of the claimant includes an interest in a resident-owned mobilehome park, the assessor shall transfer to the claimant's replacement dwelling the base year value of the claimant's manufactured home and his or her pro rata portion of the real property of the park. No transfer of base year value shall be made by the assessor of that portion of land that does not constitute a part of the original property, as provided in paragraph (4) of subdivision (g).

(B) If the manufactured home or the manufactured home and the land on which it is situated constitutes the claimant's replacement dwelling, the assessor shall transfer the base year value of the claimant's original property either to the manufactured home or the manufactured home and the land on which it is situated, as appropriate. If the manufactured home dwelling that constitutes the replacement dwelling of the claimant includes an interest in a resident-owned mobilehome park, the assessor shall transfer the base year value of the claimant's original property to the manufactured home of the claimant and his or her pro rata portion of the park. No transfer of base year value shall be made by the assessor to that portion of land that does not constitute a part of the replacement dwelling, as provided in paragraph (3) of subdivision (g).

This subdivision shall be subject to the limitations specified in subdivision (d).

(d) The property tax relief provided by this section shall be available to a claimant who is the co-owner of the original property, as a joint tenant, a tenant in common, a community property owner, or a present beneficiary of a trust subject to the following limitations:

(1) If a single replacement dwelling is purchased or newly constructed by all of the co-owners and each co-owner retains an interest in the replacement dwelling, the claimant shall be eligible under this section whether or not any or all of the remaining co-owners would otherwise be eligible claimants.

(2) If two or more replacement dwellings are separately purchased or newly constructed by two or more co-owners and more than one co-owner would otherwise be an eligible claimant, only one co-owner shall be eligible under this section. These co-owners shall determine by mutual agreement which one of them shall be deemed eligible.

(3) If two or more replacement dwellings are separately purchased or newly constructed by two co-owners who held the original property as community property, only the co-owner who has attained the age of 55 years, or is severely disabled, shall be eligible under this section. If both spouses are over 55 years of age, they shall determine by mutual agreement which one of them is eligible. In the case of co-owners whose original property is a multiunit dwelling, the limitations imposed by paragraphs (2) and (3) shall only apply to co-owners who occupied the same dwelling unit within the original property at the time specified in paragraph (2) of subdivision (b).

(e) Upon the sale of original property, the assessor shall determine a new base year value for that property in accordance with subdivision (a) of section 2 of Article XIII A of the California Constitution and Section 110.1, whether or not a replacement dwelling is subsequently purchased or newly constructed by the former owner or owners of the original property.

This section shall not apply unless the transfer of the original property is a change in ownership that either (1) subjects that property to reappraisal at its current fair market value in accordance with Section 110.1 or 5803 or (2) results in a base year value determined in accordance with this section, or Section xx (whatever disaster section becomes) because the property qualifies under this section, or Section xx (whatever disaster section becomes) as a replacement dwelling or property.

(f) (1) A claimant shall not be eligible for the property tax relief provided by this section unless the claimant provides to the assessor, on a form that shall be designed by the State Board of Equalization and that the assessor shall make available upon request, the following information:

(A) The name and social security number of the claimant who is a record owner of the replacement dwelling.

(B) Proof that the claimant was, at the time of its sale, at least 55 years of age, or severely disabled. Proof of severe disability shall be considered a certification, signed by a licensed physician or surgeon of appropriate specialty, attesting to the claimant's severely disabled condition. In the absence of available proof that a person is over 55 years of age, the claimant shall certify under penalty of perjury that the age requirement is met. In the case of a severely disabled claimant either of the following shall be submitted:

(i) A certification, signed by a licensed physician or surgeon of appropriate specialty that identifies specific reasons why the disability necessitates a move to the replacement dwelling and the disability-related requirements, including any locational requirements, of a replacement dwelling. The claimant shall substantiate that the replacement dwelling meets disability-related requirements so identified and that the primary reason for the move to the replacement dwelling is to satisfy those requirements. If the claimant, or the claimant's spouse or guardian, so declares under penalty of perjury, it shall be rebuttably presumed that the primary purpose of the move to the replacement dwelling is to satisfy identified disability-related requirements.

(ii) The claimant's substantiation that the primary purpose of the move to the replacement dwelling is to alleviate financial burdens caused by the disability. If the claimant, or the claimant's spouse or guardian, so declares under penalty of perjury, it shall be rebuttably presumed that the primary purpose of the move is to alleviate the financial burdens caused by the disability.

(C) The address and, if known, the assessor's parcel number of the original property.

(D) The date of the claimant's sale of the original property and the date of the claimant's purchase or new construction of a replacement dwelling.

(E) A statement by the claimant that he or she occupied the replacement dwelling as his or her principal place of residence on the date of the filing of his or her claim.

(F) Any claim under this section shall be filed within three years of the date the replacement dwelling was purchased or the new construction of the replacement dwelling was completed.

(2) A claim for transfer of base year value under this section that is filed after the expiration of the filing period set forth in subparagraph (F) of paragraph (1) shall be considered by the assessor, subject to all of the following conditions:

(A) Any base year value transfer granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) The full cash value of the replacement property in the assessment year described in subparagraph (A) shall be the base year value of the real property in the assessment year in which the base year value was transferred, factored to the assessment year described in subparagraph (A) for all of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property that does not qualify for property tax relief pursuant to the criteria set forth in subparagraphs (A) and (B) of paragraph (4) of subdivision (h).

(iii) Any value increase as described in XXX, plus inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(g) For purposes of this section:

(1) "Person over the age of 55 years" means any person who has attained the age of 55 years or older at the time of the sale of the original property.

(2) "Base year value of the original property" means its base year value, as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date that the original property is sold by the claimant.

If the taxable value of the replacement dwelling is of greater value than the original property, the taxable value of the replacement dwelling shall be calculated by adding the difference between the full cash value of the original dwelling and the full cash value of the replacement property to the taxable value of the original property. If the replacement dwelling is purchased or newly constructed after the transfer of the original property, "base year value of the original property" also includes any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the sale of the original property. The base year or years used to compute the "base year value of the original property" shall be deemed to be the base year or years of any property to which that base year value is transferred pursuant to this section.

(3) "Replacement dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as his or her principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of a replacement dwelling includes only that area of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate replacement dwelling. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(4) "Original property" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as his or her principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of the original property includes only that area of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate original property. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(5)

For the purposes of this subdivision, except as otherwise provided in paragraph (5) of subdivision (h), if the replacement dwelling is, in part, purchased and, in part, newly constructed, the date the "replacement dwelling is purchased or newly constructed" is the date of purchase or the date of completion of construction, whichever is later.

(6) "Full cash value of the replacement dwelling" means its full cash value, determined in accordance with Section 110.1, as of the date on which it was purchased or new construction was completed, and after the purchase or the completion of new construction.

(7) "Full cash value of the original property" means its new base year value, determined in accordance with subdivision (e), without the application of subdivision (h) of section 2 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of section 2 of Article XIII A and subdivision (f) of Section 110.1 for the period from the date of its sale by the claimant to the date on which the replacement property was purchased or new construction was completed.

(8) "Sale" means any change in ownership of the original property for consideration.

(9) "Claimant" means any person claiming the property tax relief provided by this section.

(10) "Property that is eligible for the homeowners' exemption" includes property that is the principal place of residence of its owner and is entitled to exemption pursuant to Section 205.5.

(11) "Person" means any individual, but does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind. "Person" includes an individual who is the present beneficiary of a trust.

(12) "Severely disabled" means any person described having a great degree of impairment or greatly limited by a physical, mental, cognitive, or developmental condition.

(h) (1) Upon the timely filing of a claim described in subparagraph (F) of paragraph (1) of subdivision (f), the assessor shall adjust the new base year value of the replacement dwelling in conformity with this section. This adjustment shall be made as of the latest of the following dates:

(A) The date the original property is sold.

(B) The date the replacement dwelling is purchased.

(C) The date the new construction of the replacement dwelling is completed.

(2) If the taxable value of the replacement dwelling is of greater value than the original property, the taxable value of the replacement dwelling shall be calculated by adding the difference between the full cash value of the original dwelling and the full cash value of the replacement property to the taxable value of the original property.

(3) Any taxes that were levied on the replacement dwelling prior to the filing of the claim on the basis of the replacement dwelling's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(4) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings acquired prior to the sale of the original property.

(5) In the case where a claim under this section has been timely filed and granted, and new construction is performed upon the replacement dwelling subsequent to the transfer of base year value, the property tax relief provided by this section also

shall apply to the replacement dwelling, as improved, and thus there shall be no reassessment upon completion of the new construction if both of the following conditions are met:

(A) The new construction is completed within two years of the date of the sale of the original property and the owner notifies the assessor in writing of completion of the new construction within six months after completion.

(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (7) of subdivision (g) for purposes of granting the original claim.

(i) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the claimant or the claimant's spouse, the claimant's or the claimant's spouse's legal representative, the trustee of a trust in which the claimant or the claimant's spouse is a present beneficiary, and the executor or administrator of the claimant's or the claimant's spouse's estate.

(j) After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, and 2.3 of Article XIII A of the California Constitution.

69. Amend R&T 69 NON-PRINCIPAL RESIDENCE DISASTER TRANSFERS (modified slightly)

(a) Notwithstanding any other law, pursuant to section 2 of Article XIII A of the Constitution, the base year value of property that is substantially damaged or destroyed by a disaster, as declared by the Governor, may be transferred to comparable property within the same county, which is acquired or newly constructed within five years after the disaster, including in the case of the Northridge earthquake, as a replacement for the substantially damaged or destroyed property. At the time the base year value of the substantially damaged or destroyed property is transferred to the replacement property, the substantially damaged or destroyed property shall be reassessed at its full cash value; however, the substantially damaged or destroyed property shall retain its base year value notwithstanding the transfer authorized by this section. If the owner or owners of substantially damaged or destroyed property receive property tax relief under this section, that property shall not be eligible for property tax relief under subdivision (c) of Section 70 in the event of its reconstruction.

(b) The replacement base year value of the replacement property acquired shall be determined in accordance with this section.

The assessor shall use the following procedure in determining the appropriate replacement base year value of comparable replacement property:

(1) If the full cash value of the comparable replacement property does not exceed 120 percent of the full cash value of the property substantially damaged or destroyed, then the adjusted base year value of the property substantially damaged

or destroyed shall be transferred to the comparable replacement property as its replacement base year value.

(2) If the full cash value of the replacement property exceeds 120 percent of the full cash value of the property substantially damaged or destroyed, then the amount of the full cash value over 120 percent of the full cash value of the property substantially damaged or destroyed shall be added to the adjusted base year value of the property substantially damaged or destroyed. The sum of these amounts shall become the replacement property's replacement base year value.

(3) If the full cash value of the comparable replacement property is less than the adjusted base year value of the property substantially damaged or destroyed, then that lower value shall become the replacement property's base year value.

(4) The full cash value of the property substantially damaged or destroyed shall be the amount of its full cash value immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.

(c) For purposes of this section:

(1) Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land's or the improvement's full cash value immediately prior to the disaster. Damage includes a diminution in the value of property as a result of restricted access to the property where the restricted access was caused by the disaster and is permanent in nature.

(2) Replacement property is comparable to the property substantially damaged or destroyed if it is similar in size, utility, and function to the property which it replaces.

(A) Property is similar in function if the replacement property is subject to similar governmental restrictions, such as zoning.

(B) Both the size and utility of property are interrelated and associated with value. Property is similar in size and utility only to the extent that the replacement property is, or is intended to be, used in the same manner as the property substantially damaged or destroyed and its full cash value does not exceed 120 percent of the full cash value of the property substantially damaged or destroyed.

(i) A replacement property or any portion thereof used or intended to be used for a purpose substantially different than the use made of the property substantially damaged or destroyed shall to the extent of the dissimilar use be considered not similar in utility.

(ii) A replacement property or portion thereof that satisfies the use requirement but has a full cash value that exceeds 120 percent of the full cash value of the property substantially damaged or destroyed shall be considered, to the extent of the excess, not similar in utility and size.

(C) To the extent that replacement property, or any portion thereof, is not similar in function, size, and utility, the property, or portion thereof, shall be considered to have undergone a change in ownership when the replacement property is acquired or newly constructed.

(4) "Disaster" means a major misfortune or calamity in an area subsequently proclaimed by the Governor to be in a state of disaster as a result of the misfortune or calamity.

(d) (1) This section applies to any comparable replacement property acquired or newly constructed on or after July 1, 1985.

(2) The amendments made by Chapter 1053 of the Statutes of 1993 apply to any comparable replacement property that is acquired or newly constructed as a replacement for property substantially damaged or destroyed by a disaster occurring on or after October 20, 1991, and to the determination of base year values for the 1991–92 fiscal year and fiscal years thereafter.

(3) The amendments made by Chapter 317 of the Statutes of 2006 apply to any comparable replacement property that is acquired or newly constructed as a replacement for property substantially damaged or destroyed by a disaster occurring on or after July 1, 2003, and to the determination of base year values for the 2003–04 fiscal year and fiscal years thereafter.

(e) Only the owner or owners of the property substantially damaged or destroyed, whether one or more individuals, partnerships, corporations, other legal entities, or a combination thereof, shall receive property tax relief under this section. Relief under this section shall be granted to an owner or owners of substantially damaged or destroyed property obtaining title to replacement property. The acquisition of an ownership interest in a legal entity, which directly or indirectly owns real property, is not an acquisition of comparable property.

(f) Notwithstanding any other law, the board of supervisors of the County of San Diego may by ordinance extend the time period specified in subdivision (a) to transfer the base year value of property that is substantially damaged or destroyed by the Cedar Fire that commenced in October 2003, as declared by the Governor, to comparable property within the same county that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property by two years. This subdivision shall apply to the determination of base year values for the 2003–04 fiscal year and fiscal years thereafter.

(g) The amendments made to this section by the act adding this subdivision shall apply commencing with the lien date for the 2012–13 fiscal year.

(Amended by Stats. 2011, Ch. 351, Sec. 2. (SB 947) Effective January 1, 2012.)

170. Amend R&T 170 - Addition at the end of the Section

(a) Notwithstanding any other law, the board of supervisors, by ordinance, may provide that every assessee of any taxable property, or any person liable for the taxes thereon, whose property was damaged or destroyed without his or her fault, may apply for reassessment of that property as provided in this section. The ordinance may also specify that the assessor may initiate the reassessment where the assessor determines that within the preceding 12 months taxable property located in the county was damaged or destroyed.

To be eligible for reassessment the damage or destruction to the property shall have been caused by any of the following:

(1) A major misfortune or calamity, in an area or region subsequently proclaimed by the Governor to be in a state of disaster, if that property was damaged or destroyed by the major misfortune or calamity that caused the Governor to proclaim the area or region to be in a state of disaster. As used in this paragraph,

"damage" includes a diminution in the value of property as a result of restricted access to the property where that restricted access was caused by the major misfortune or calamity.

(2) A misfortune or calamity.

(3) A misfortune or calamity that, with respect to a possessory interest in land owned by the state or federal government, has caused the permit or other right to enter upon the land to be suspended or restricted. As used in this paragraph, "misfortune or calamity" includes a drought condition such as existed in this state in 1976 and 1977.

The application for reassessment may be filed within the time specified in the ordinance or within 12 months of the misfortune or calamity, whichever is later, by delivering to the assessor a written application requesting reassessment showing the condition and value, if any, of the property immediately after the damage or destruction, and the dollar amount of the damage. The application shall be executed under penalty of perjury, or if executed outside the State of California, verified by affidavit.

An ordinance may be made applicable to a major misfortune or calamity specified in paragraph (1) or to any misfortune or calamity specified in paragraph (2), or to both, as the board of supervisors determines. An ordinance shall not be made applicable to a misfortune or calamity specified in paragraph (3), unless an ordinance making paragraph (2) applicable is operative in the county. The ordinance may specify a period of time within which the ordinance shall be effective, and, if no period of time is specified, it shall remain in effect until repealed.

(b) Upon receiving a proper application, the assessor shall appraise the property and determine separately the full cash value of land, improvements and personalty immediately before and after the damage or destruction. If 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 ten thousand dollars (\$10,000) or more, the assessor shall also separately determine the percentage reductions in value of land, improvements and personalty due to the damage or destruction. The assessor shall reduce the values appearing on the assessment roll by the percentages of damage or destruction computed pursuant to this subdivision, and the taxes due on the property shall be adjusted as provided in subdivision (e). However, the amount of the reduction shall not exceed the actual loss.

(c) (1) As used in this subdivision, "board" means either the county board of supervisors acting as the county board of equalization, or an assessment appeals board established by the county board of supervisors in accordance with Section 1620, as applicable.

(2) The assessor shall notify the applicant in writing of the amount of the proposed reassessment. The notice shall state that the applicant may appeal the proposed reassessment to the board within six months of the date of mailing the notice. If an appeal is requested within the six-month period, the board shall hear and decide the matter as if the proposed reassessment had been entered on the roll as an assessment made outside the regular assessment period. The decision of the board

regarding the damaged value of the property shall be final, provided that a decision of the board regarding any reassessment made pursuant to this section shall create no presumption as regards the value of the affected property subsequent to the date of the damage.

(3) Those reassessed values resulting from reductions in full cash value of amounts, as determined above, shall be forwarded to the auditor by the assessor or the clerk of the board, as the case may be. The auditor shall enter the reassessed values on the roll. After being entered on the roll, those reassessed values shall not be subject to review, except by a court of competent jurisdiction.

(d) (1) If no application is made and the assessor determines that within the preceding 12 months a property has suffered damage caused by misfortune or calamity that may qualify the property owner for relief under an ordinance adopted under this section, the assessor shall provide the last known owner of the property with an application for reassessment. The property owner shall file the completed application within 12 months after the occurrence of that damage. Upon receipt of a properly completed, timely filed application, the property shall be reassessed in the same manner as required in subdivision (b).

(2) This subdivision does not apply where the assessor initiated reassessment as provided in subdivision (a) or (l).

(e) The tax rate fixed for property on the roll on which the property so reassessed appeared at the time of the misfortune or calamity, shall be applied to the amount of the reassessment as determined in accordance with this section and the assessee shall be liable for: (1) a prorated portion of the taxes that would have been due on the property for the current fiscal year had the misfortune or calamity not occurred, to be determined on the basis of the number of months in the current fiscal year prior to the misfortune or calamity; plus, (2) a proration of the tax due on the property as reassessed in its damaged or destroyed condition, to be determined on the basis of the number of months in the fiscal year after the damage or destruction, including the month in which the damage was incurred. For purposes of applying the preceding calculation in prorating supplemental taxes, the term "fiscal year" means that portion of the tax year used to determine the adjusted amount of taxes due pursuant to subdivision (b) of Section 75.41. If the damage or destruction occurred after January 1 and before the beginning of the next fiscal year, the reassessment shall be utilized to determine the tax liability for the next fiscal year. However, if the property is fully restored during the next fiscal year, taxes due for that year shall be prorated based on the number of months in the year before and after the completion of restoration.

(f) Any tax paid in excess of the total tax due shall be refunded to the taxpayer pursuant to Chapter 5 (commencing with Section 5096) of Part 9, as an erroneously collected tax or by order of the board of supervisors without the necessity of a claim being filed pursuant to Chapter 5.

(g) The assessed value of the property in its damaged condition, as determined pursuant to subdivision (b) compounded annually by the inflation factor specified in subdivision (a) of Section 51, shall be the taxable value of the property until it is

restored, repaired, reconstructed or other provisions of the law require the establishment of a new base year value.

If partial reconstruction, restoration, or repair has occurred on any subsequent lien date, the taxable value shall be increased by an amount determined by multiplying the difference between its factored base year value immediately before the calamity and its assessed value in its damaged condition by the percentage of the repair, reconstruction, or restoration completed on that lien date.

(h) (1) When the property is fully repaired, restored, or reconstructed, the assessor shall make an additional assessment or assessments in accordance with subparagraph (A) or (B) upon completion of the repair, restoration, or reconstruction:

(A) If the completion of the repair, restoration, or reconstruction occurs on or after January 1, but on or before May 31, then there shall be two additional assessments. The first additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll. The second additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value to be enrolled on the roll being prepared.

(B) If the completion of the repair, restoration, or reconstruction occurs on or after June 1, but before the succeeding January 1, then the additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll.

(2) On the lien date following completion of the repair, restoration, or reconstruction, the assessor shall enroll the new taxable value of the property as of that lien date.

(3) For purposes of this subdivision, "new taxable value" shall mean the lesser of the property's (A) full cash value, or (B) factored base year value or its factored base year value as adjusted pursuant to subdivision (c) of Section 70.

(i) The assessor may apply Chapter 3.5 (commencing with Section 75) of Part 0.5 in implementing this section, to the extent that chapter is consistent with this _under a charter or under the general laws of this state.

(k) Any ordinance in effect pursuant to former Section 155.1, 155.13, or 155.14 shall remain in effect according to its terms as if that ordinance was adopted pursuant to this section, subject to the limitations of subdivision (b).

(l) When the assessor does not have the general authority pursuant to subdivision (a) to initiate reassessments, if no application is made and the assessor determines that within the preceding 12 months a property has suffered damage caused by misfortune or calamity, that may qualify the property owner for relief under an ordinance adopted under this section, the assessor, with the approval of the board of supervisors, may reassess the particular property for which approval was granted as provided in subdivision (b) and notify the last known owner of the property of the reassessment.

After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, 2.3 Article XIII A of the California Constitution

DRAFT

DRAFT

PROP 19 IMPLEMENTATION LANGUAGE

This document uses Revenue and Taxation sections 63.1, 69, 69.3, 69.5, 70, and 170 as starting points in the creation of a new code section.

New Proposition 19 section number to be determined

Revenue and Taxation Code Section 63.1.

(a) Notwithstanding any other provision of this chapter, a change in ownership shall not include the following purchases or transfers for which a claim is filed pursuant to this section:

(1) (A) The purchase or transfer of real property which is the principal residence of an eligible transferor in the case of a purchase or transfer between parents and their children that occurs on or before February 15, 2021.

(B) A purchase or transfer of a principal residence from a foster child to the child's biological parent shall not be excluded under subparagraph (A) if the transferor child received that principal residence, or interest therein, from a foster parent through a purchase or transfer that was excluded under subparagraph (A).

(2) The purchase or transfer of the first one million dollars (\$1,000,000) of full cash value of all other real property of an eligible transferor in the case of a purchase or transfer between parents and their children that occurs on or before February 15, 2021.

(3) (A) Subject to subparagraph (B), the purchase or transfer of real property described in paragraphs (1) and (2) of subdivision (a) occurring on or after March 27, 1996, between grandparents and their grandchild or grandchildren, if all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer. Notwithstanding any other provision of law, for the lien date for the 2006-07 fiscal year and each fiscal year thereafter, in determining whether "all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer," a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased on the date of the transfer.

(B) A purchase or transfer of a principal residence shall not be excluded pursuant to subparagraph (A) if the transferee grandchild or grandchildren also received a principal residence, or interest therein, through another purchase or transfer that was excludable pursuant to paragraph (1) of subdivision (a). The full cash value of any real property, other than a principal residence, that was transferred to the grandchild or grandchildren pursuant to a purchase or transfer that was excludable pursuant to paragraph (2) of subdivision (a) and the full cash value of a principal residence that fails to qualify for exclusion as a result of the preceding sentence

shall be included in applying, for purposes of paragraph (2) of subdivision (a), the one million dollar (\$1,000,000) full cash value limit specified in paragraph (2) of subdivision (a).

(b) (1) For purposes of paragraph (1) of subdivision (a), "principal residence" means a dwelling that is eligible for a homeowners' exemption or a disabled veterans' exemption as a result of the transferor's ownership and occupation of the dwelling. "Principal residence" includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(2) For purposes of paragraph (2) of subdivision (a), the one-million-dollar (\$1,000,000) exclusion shall apply separately to each eligible transferor with respect to all purchases by and transfers to eligible transferees on and after November 6, 1986 and on or before February 15, 2021, of real property, other than the principal residence, of that eligible transferor. The exclusion shall not apply to any property in which the eligible transferor's interest was received through a transfer, or transfers, excluded from change in ownership by the provisions of either subdivision (f) of Section 62 or subdivision (b) of Section 65, unless the transferor qualifies as an original transferor under subdivision (b) of Section 65. In the case of any purchase or transfer subject to this paragraph involving two or more eligible transferors, the transferors may elect to combine their separate one-million-dollar (\$1,000,000) exclusions and, upon making that election, the combined amount of their separate exclusions shall apply to any property jointly sold or transferred by the electing transferors, provided that in no case shall the amount of full cash value of real property of any one eligible transferor excluded under this election exceed the amount of the transferor's separate unused exclusion on the date of the joint sale or transfer.

(c) As used in this section:

(1) "Purchase or transfer between parents and their children" means either a transfer from a parent or parents to a child or children of the parent or parents or a transfer from a child or children to a parent or parents of the child or children. For purposes of this section, the date of any transfer between parents and their children under a will or intestate succession shall be the date of the decedent's death, if the decedent died on or after November 6, 1986 and on or before February 15, 2021.

(2) "Purchase or transfer of real property between grandparents and their grandchild or grandchildren" means a purchase or transfer on or after March 27, 1996 and on or before February 15, 2021, from a grandparent or grandparents to a grandchild or grandchildren if all of the parents of that grandchild or those grandchildren who qualify as the children of the grandparents are deceased as of the date of the transfer. For purposes of this section, the date of any transfer between grandparents and their grandchildren under a will or by intestate succession shall be the date of the decedent's death. Notwithstanding any other provision of law, for the lien date for the 2006-07 fiscal year and each fiscal year thereafter, in determining whether "all of the parents of that grandchild or those

grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer," a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased on the date of the transfer.

(3) "Children" means any of the following:

(A) Any child born of the parent or parents, except a child, as defined in subparagraph (D), who has been adopted by another person or persons.

(B) Any stepchild of the parent or parents and the spouse of that stepchild while the relationship of stepparent and stepchild exists. For purposes of this paragraph, the relationship of stepparent and stepchild shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.

(C) Any son-in-law or daughter-in-law of the parent or parents. For the purposes of this paragraph, the relationship of parent and son-in-law or daughter-in-law shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving son-in-law or daughter-in-law.

(D) Any child adopted by the parent or parents pursuant to statute, other than an individual adopted after reaching 18 years of age.

(E) Any foster child of a state-licensed foster parent, if that child was not, because of a legal barrier, adopted by the foster parent or foster parents before the child aged out of the foster care system. For purposes of this paragraph, the relationship between a foster child and foster parent shall be deemed to exist until terminated by death. However, for purposes of a transfer that occurs on the date of death, the relationship shall be deemed to exist on the date of death.

(4) "Grandchild" or "grandchildren" means any child or children of the child or children of the grandparent or grandparents.

(5) "Full cash value" means full cash value, as defined in Section 2 of Article XIII A of the California Constitution and Section 110.1, with any adjustments authorized by those sections, and the full value of any new construction in progress, determined as of the date immediately prior to the date of a purchase by or transfer to an eligible transferee of real property subject to this section.

(6) "Eligible transferor" means a grandparent, parent, or child of an eligible transferee.

(7) "Eligible transferee" means a parent, child, or grandchild of an eligible transferor.

(8) "Real property" means real property as defined in Section 104. Real property does not include any interest in a legal entity. For purposes of this section, real property includes any of the following:

(A) An interest in a unit or lot within a cooperative housing corporation, as defined in subdivision (i) of Section 61.

(B) A pro rata ownership interest in a mobilehome park, as defined in subdivision (b) of Section 62.1.

(C) A pro rata ownership in a floating home marina, as defined in subdivision (c) of Section 62.5.

(9) "Transfer" includes, and is not limited to, any transfer of the present beneficial ownership of property from an eligible transferor to an eligible transferee through the medium of an inter vivos or testamentary trust.

(10) "Social security number" also includes a taxpayer identification number issued by the Internal Revenue Service in the case in which the taxpayer is a foreign national who cannot obtain a social security number.

(d) (1) The exclusions provided for in subdivision (a) shall not be allowed unless the eligible transferee, the transferee's legal representative, the trustee of the transferee's trust, or the executor or administrator of the transferee's estate files a claim with the assessor for the exclusion sought and furnishes to the assessor each of the following:

(A) A written certification by the transferee, the transferee's legal representative, the trustee of the transferee's trust, or the executor or administrator of the transferee's estate, signed and made under penalty of perjury that the transferee is a parent, child, or grandchild of the transferor and that the transferor is his or her parent, child, or grandparent. In the case of a grandparent-grandchild transfer, the written certification shall also include a certification that all the parents of the grandchild or grandchildren who qualify as children of the grandparents were deceased as of the date of the purchase or transfer and that the grandchild or grandchildren did or did not receive a principal residence excludable under paragraph (1) of subdivision (a) from the deceased parents, and that the grandchild or grandchildren did or did not receive real property other than a principal residence excludable under paragraph (2) of subdivision (a) from the deceased parents. The claimant shall provide legal substantiation of any matter certified pursuant to this subparagraph at the request of the county assessor.

(B) A written certification by the transferor, the transferor's legal representative, the trustee of the transferor's trust, or the executor or administrator of the transferor's estate, signed and made under penalty of perjury that the transferor is a grandparent, parent, or child of the transferee and that the transferor is seeking the exclusion under this section and will not file a claim to transfer the base year value of the property under Section 69.5.

(C) A written certification shall also include either or both of the following:

(i) If the purchase or transfer of real property includes the purchase or transfer of residential real property, a certification that the residential real property is or is not the transferor's principal residence.

(ii) If the purchase or transfer of real property includes the purchase or transfer of real property other than the transferor's principal residence, a certification that other real property of the transferor that is subject to this section has or has not been previously sold or transferred to an eligible transferee, the total amount of full cash value, as defined in subdivision (c), of any real property subject to this section that has been previously sold or transferred by that transferor to eligible transferees, the location of that real property, the social security number of each eligible transferor, and the names of the eligible transferees of that property.

(D) If there are multiple transferees, the certification and signature may be made by any one of the transferees, if both of the following conditions are met:

(i) The transferee has actual knowledge that, and the certification signed by the transferee states that, all of the transferees are eligible transferees within the meaning of this section.

(ii) The certification is signed by the transferee as a true statement made under penalty of perjury.

(E) In the case of a transfer between a foster parent and foster child, the claim filed with the assessor shall include a certified copy of the court decision regarding the foster child status of the individual and a certified statement from the appropriate county agency stating that the foster child was not, because of a legal barrier, adopted by the foster parent or foster parents. Upon a request by the county assessor, the claimant also shall provide to the assessor legal substantiation of any matter certified under this subparagraph.

(2) If the full cash value of the real property purchased by or transferred to the transferee exceeds the permissible exclusion of the transferor or the combined permissible exclusion of the transferors, in the case of a purchase or transfer from two or more joint transferors, taking into account any previous purchases by or transfers to an eligible transferee from the same transferor or transferors, the transferee shall specify in his or her claim the amount and the allocation of the exclusion he or she is seeking. Within any appraisal unit, as determined in accordance with subdivision (d) of Section 51 by the assessor of the county in which the real property is located, the exclusion shall be applied only on a pro rata basis, however, and shall not be applied to a selected portion or portions of the appraisal unit.

(e) (1) The State Board of Equalization shall design the form for claiming eligibility. Except as provided in paragraph (2), any claim under this section shall be filed:

(A) For transfers of real property between parents and their children occurring prior to September 30, 1990, within three years after the date of the purchase or transfer of real property for which the claim is filed.

(B) For transfers of real property between parents and their children occurring on or after September 30, 1990, and for the purchase or transfer of real property between grandparents and their grandchildren occurring on or after March 27, 1996, within three years after the date of the purchase or transfer of real property

for which the claim is filed, or prior to transfer of the real property to a third party, whichever is earlier.

(C) Notwithstanding subparagraphs (A) and (B), a claim shall be deemed to be timely filed if it is filed within six months after the date of mailing of a notice of supplemental or escape assessment, issued as a result of the purchase or transfer of real property for which the claim is filed.

(2) In the case in which the real property subject to purchase or transfer has not been transferred to a third party, a claim for exclusion under this section that is filed subsequent to the expiration of the filing periods set forth in paragraph (1) shall be considered by the assessor, subject to all of the following conditions:

(A) Any exclusion granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) Under any exclusion granted pursuant to that claim, the adjusted full cash value of the subject real property in the assessment year described in subparagraph (A) shall be the adjusted base year value of the subject real property in the assessment year in which the excluded purchase or transfer took place, factored to the assessment year described in subparagraph (A) for both of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property.

(3) (A) Unless otherwise expressly provided, the provisions of this subdivision shall apply to any purchase or transfer of real property that occurred on or after November 6, 1986 and on or before February 15, 2021.

(B) Paragraph (2) shall apply to purchases or transfers between parents and their children that occurred on or after November 6, 1986 and on or before February 15, 2021, and to purchases or transfers between grandparents and their grandchildren that occurred on or after March 27, 1996 and on or before February 15, 2021.

(4) For purposes of this subdivision, a transfer of real property to a parent or child of the transferor shall not be considered a transfer to a third party.

(f) The assessor may report quarterly to the State Board of Equalization all purchases or transfers, other than purchases or transfers involving a principal residence, for which a claim for exclusion is made pursuant to subdivision (d). Each report shall contain the assessor's parcel number for each parcel for which the exclusion is claimed, the amount of each exclusion claimed, the social security number of each eligible transferor, and any other information the board may require in order to monitor the one-million-dollar (\$1,000,000) limitation in paragraph (2) of subdivision (a). In recognition of the state and local interests served by the action made optional in this subdivision, the Legislature encourages the assessor to continue taking the action formerly mandated by this subdivision.

(g) This section shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree. Nothing in this subdivision shall be construed as

conflicting with paragraph (1) of subdivision (c) or the general principle that transfers by reason of death occur at the time of death.

(h) (1) Except as provided in paragraph (2), this section shall apply to purchases and transfers of real property completed on or after November 6, 1986 and on or before February 15, 2021, and shall not be effective for any change in ownership, including a change in ownership arising on the date of a decedent's death, that occurred prior to November 6, 1986.

(2) This section shall apply to purchases or transfers of real property between grandparents and their grandchildren occurring on or after March 27, 1996 and on or before February 15, 2021, and, with respect to purchases or transfers of real property between grandparents and their grandchildren, shall not be effective for any change in ownership, including a change in ownership arising on the date of a decedent's death, that occurred prior to March 27, 1996.

(i) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the transferee and the transferor or their respective spouse, the transferee's legal representative, the transferor's legal representative, the trustee of the transferee's trust, the trustee of the transferor's trust, and the executor or administrator of the transferee's or transferor's estate.

(j) (1) If the assessor notifies the transferee in writing of potential eligibility for exclusion from change in ownership under this section, a certified claim for exclusion shall be filed with the assessor within 45 days of the date of the notice of potential eligibility. If a certified claim for exclusion is not filed within 45 days, the assessor may send a second notice of potential eligibility for exclusion, notifying the transferee that a certified claim for exclusion has not been received and that reassessment of the property will commence unless a certified claim for exclusion is filed within 60 days of the date of the second notice of potential eligibility. The second notice of potential eligibility shall indicate whether a certified claim for exclusion that is not filed within 60 days will be subject to a processing fee as provided in paragraph (2).

(2) If a certified claim for exclusion is not filed within 60 days of the date of the second notice of potential eligibility and an eligible transferee subsequently files a claim and qualifies for the exclusion, the assessor may, upon authorization by a county board of supervisors, require an eligible transferee to pay a one-time processing fee, collected at the time the claim is submitted, and reimbursed by the assessor if the claim is ineligible. The fee shall be subject to the provisions of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code and shall not exceed the amount of the actual and reasonable costs incurred by the assessor for reassessment work done due to failure to file the claim for exclusion or one hundred seventy-five dollars (\$175), whichever is less.

(3) The failure to file a certified claim for exclusion within the filing periods specified by this subdivision shall not be construed to limit any exclusion from being granted pursuant to a claim filed within the filing periods specified by subdivision (e).

Proposed Revenue and Taxation Code Section 63.2.

PARENT-CHILD AND GRANDPARENT-GRANDCHILD EXCLUSIONS

Beginning on and after February 16, 2021, the following shall apply:

(a) Notwithstanding any other provision of this chapter, beginning on and after February 16, 2021, a change in ownership shall not include, in whole or part, the following purchases or transfers for which a claim is filed pursuant to this section:

(1) A purchase or transfer of a family home between parents and their children if all of the following conditions are met:

(A) The property continues as the family home of an eligible transferee.

(B) Is the principal residence of an eligible transferor

(C)) Is established as an eligible transferee's principal residence within one year of the purchase or transfer.

(2) A purchase or transfer of a family farm between parents and their children.

(3) A purchase or transfer of a family home and family farm from a foster child to the child's biological parent shall not be excluded under subparagraph (1) or (2) if the transferor child received that family home or family farm, or interest therein, from a foster parent through a purchase or transfer that was excluded under subparagraph (1) or (2).

(4) A purchase or transfer of a family home or family farm, as provided in (1) and (2) of this paragraph, between grandparents and grandchildren if all of the parents of those grandchildren, who qualify as children of the grandparents, are deceased as of the date of the purchase or transfer.

(b) The exclusions provided for in subdivision (a) shall not be allowed unless the eligible transferee, the transferee's legal representative, the trustee of the transferee's trust, or the executor or administrator of the transferee's estate files a claim with the assessor for the exclusion sought and furnishes to the assessor each of the following:

(1)(A) A written certification by the transferee, the transferee's legal representative, the trustee of the transferee's trust, or the executor or administrator of the transferee's estate, signed and made under penalty of perjury:

(i) That the transferee is a parent, child, grandchild, or grandparent of the transferor and that the transferor is his or her parent, child, grandchild, or

grandparent. In the case of a transfer between grandparents and grandchildren transfer, the written certification shall also include a certification that all the parents of the grandchild or grandchildren who qualify as children of the grandparent or grandparents were deceased as of the date of the purchase or transfer.

(ii) If the transfer is of a family farm, that the transferee will continue to use the property as a family farm.

(B) A written certification by the transferor, the transferor's legal representative, the trustee of the transferor's trust, or the executor or administrator of the transferor's estate, signed and made under penalty of perjury that the transferor is a grandparent, parent, child or grandchild of the transferee and that the transferor is seeking the exclusion under this section and will not file a claim to transfer the base year value of the property under Section (whatever it ends up being).

(C) If there are multiple transferees, the written certification shall also include the certification and signature made by any one of the transferees meeting all of the following conditions:

(i) The transferee has actual knowledge that, and the certification signed by the transferee identifies the transferees that are eligible transferees within the meaning of this section. Modified to remove all transferees need to be eligible

(ii) The transferee or legal representative identifies the relationship between each transferee to the transferor

(ii) The certification is signed by the transferee as a true statement made under penalty of perjury.

(iii) The certification is signed by the transferee who is occupying the property as their principal residence if the transfer is of a primary residence, or by a transferee continuing to farm if the transfer is of a family farm.

(D) In the case of a transfer between a foster parent and foster child, the claim filed with the assessor shall include a certified copy of the court decision regarding the foster child status of the individual and a certified statement from the appropriate county agency stating that the foster child was not, because of a legal barrier, adopted by the foster parent or foster parents. Upon a request by the county assessor, the claimant also shall provide to the assessor legal substantiation of any matter certified under this subparagraph.

(2) An eligible transferee of a primary residence:

(A) Claims, and qualifies for, the homeowner's exemption or disabled veteran's exemption at the time of purchase or transfer.

(B) Who fails to claim the homeowner's exemption or disabled veteran's exemption at the time of the purchase or transfer of the family home may receive the property

tax benefit provided by this section by claiming, and qualifying for, the homeowner's exemption or disabled veteran's exemption within one year of the purchase or transfer of the family home, and shall be entitled to a refund of taxes previously owed or paid between the date of the transfer and the date the transferee claims the homeowner's exemption or disabled veteran's exemption.

(3) If the transfer is of a family farm, the certification shall include:

(A) Identification either by Assessor's Parcel Number or legal description of the real property ~~that is~~ included in the farm's appraisal unit.

(i) "Real property" means that appraisal unit that persons in the marketplace commonly buy and sell as a unit, or that is normally valued separately.

(B) Whether there is a principal residence that is subject to paragraph (1) of subdivision (a) of this section, and if so, identification of the location of the principal residence either by Assessor's Parcel Number or legal description

(c) Beginning on and after February 16, 2021, the new base value of the family home or family farm, shall be the sum of both the following:

(1) The taxable value of the family home or family farm as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date immediately prior to the date the principal residence or family farm is purchased or transferred to the transferee.

(2) The applicable of the following amounts:

- A. If the fair market value, as defined in section 110(a), of the family home or family farm upon purchase by, or transfer to, the transferee is less than the sum of the taxable value described in paragraph (1) of subdivision (c) plus one million dollars (\$1,000,000), then zero dollars (\$0).
- B. If the fair market value, as defined in section 110(a), of the family home or family farm home upon purchase by, or transfer to, the transferee is equal to or more than the sum of the taxable value described in paragraph (1) of subdivision (c) plus one million dollars (\$1,000,000), an amount equal to the fair market value of the family home upon purchase by, or transfer to, the transferee, minus the sum of the taxable value described in paragraph (1) of subdivision (c) and one million dollars (\$1,000,000).

(3) Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision for adjustments of the new base year value described in subparagraph (B) of paragraph (2) of this section.

(d) Beginning on February 16, 2023, and every other February 16 thereafter, the State Board of Equalization shall adjust the one-million-dollar (\$1,000,000) amount described in paragraph (2) of subdivision (c), for inflation to reflect the percentage

change in the House Price Index for California for the prior calendar year, as determined by the Federal Housing Finance Agency. The State Board of Equalization shall calculate and publish the adjustments required by this paragraph.

(e)(1) For purposes of paragraph (1) of subdivision (a), "family home" of the transferor means a dwelling that is eligible for a homeowners' exemption or a disabled veterans' exemption as a result of the transferor's ownership and occupation of the dwelling. "Family home" includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(2) For purposes of paragraph (2) of subdivision (a), a "family farm" means both of the following:

(A) Any real property which is under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity

(i) "Agricultural commodity" means any and all plant and animal products produced in this state for commercial purposes, including, but not limited to, plant products used for producing biofuels, and industrial hemp cultivated in accordance with Division 24 (commencing with Section 81000) of the Food and Agricultural Code.

(B) Any real property that is part of the family farm's appraisal unit, excluding any part that qualifies under paragraph (1) of subdivision (a).

(3) For purposes of paragraph (1) of subdivision (a), "principal residence" of the transferee means a dwelling for which a homeowners' exemption or a disabled veterans' exemption is filed as a result of a transferee's ownership and occupation of the dwelling within one year of purchase or transfer of the property. "Principal residence" includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(f) As used in this section:

(1) "Purchase or transfer between parents and their children" means either a transfer from a parent or parents to a child or children of the parent or parents or a transfer from a child or children to a parent or parents of the child or children. For purposes of this section, the date of any transfer between parents and their children under a will or by intestate succession shall be the date of the decedent's death.

(2) "Purchase or transfer of real property between grandparents and their grandchild or grandchildren" means a purchase or transfer from a grandparent or grandparents to a grandchild or grandchildren, or from a grandchild or grandchildren to a grandparent or grandparents, if all of the parents of that grandchild or those grandchildren who qualify as the children of the grandparent or grandparents are deceased as of the date of the transfer. For purposes of this

section, the date of any transfer between grandparents and their grandchildren under a will or by intestate succession shall be the date of the decedent's death. Notwithstanding any other provision of law in determining whether "all of the parents of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer," a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased on the date of the transfer.

(3) "Children" means any of the following:

(A) Any child born of the parent or parents, except a child, as defined in subparagraph (D), who has been adopted by another person or persons.

(B) Any stepchild of the parent or parents and the spouse of that stepchild while the relationship of stepparent and stepchild exists. For purposes of this paragraph, the relationship of stepparent and stepchild shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving stepparent.

(C) Any son-in-law or daughter-in-law of the parent or parents. For the purposes of this paragraph, the relationship of parent and son-in-law or daughter-in-law shall be deemed to exist until the marriage on which the relationship is based is terminated by divorce, or, if the relationship is terminated by death, until the remarriage of the surviving son-in-law or daughter-in-law.

(D) Any child adopted by the parent or parents pursuant to statute, other than an individual adopted after reaching 18 years of age.

(E) Any foster child of a state-licensed foster parent, if that child was not, because of a legal barrier, adopted by the foster parent or foster parents before the child aged out of the foster care system. For purposes of this paragraph, the relationship between a foster child and foster parent shall be deemed to exist until terminated by death. However, for purposes of a transfer that occurs on the date of death, the relationship shall be deemed to exist on the date of death.

(4) "Grandchild" or "grandchildren" means any child or children of the child or children of the grandparent or grandparents.

(5) "Full cash value" means full cash value, as defined in section 2 of Article XIII A of the California Constitution and Section 110.1, with any adjustments authorized by those sections, and the full value of any new construction in progress, determined as of the date immediately prior to the date of a purchase by, or transfer to, an eligible transferee of a family home or family farm subject to this section.

(6) "Eligible transferor" means a grandparent, parent, ~~or~~ child, or grandchild of an eligible transferee.

(7) "Eligible transferee" means a grandparent, parent, child, or grandchild of an eligible transferor.

(8) "Real property" means real property as defined in Section 104. Real property does not include any interest in a legal entity. For purposes of this section, real property includes any of the following:

(A) An interest in a unit or lot within a cooperative housing corporation, as defined in subdivision (i) of Section 61.

(B) A pro rata ownership interest in a mobilehome park, as defined in subdivision (b) of Section 62.1.

(C) A pro rata ownership in a floating home marina, as defined in subdivision (c) of Section 62.5.

(9) "Family home" has the same meaning as "principal residence."

(10) "Family farm" means any real property which is under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity.

(A) "Agricultural commodity" means any and all plant and animal products produced in this state for commercial purposes, including, but not limited to, plant products used for producing biofuels, and industrial hemp cultivated in accordance with Division 24 (commencing with Section 81000) of the Food and Agricultural Code.

(11) "Principal Residence" means a dwelling that is eligible for a homeowner's exemption or a disabled veteran's exemption as a result of ~~the transferor's~~ a person's ownership and occupation of the dwelling. "Principal residence" ~~only~~ includes only that portion of ~~land~~ the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

(12) "Transfer" includes, and is not limited to, any transfer of the present beneficial ownership of property from an eligible transferor to an eligible transferee through the medium of an inter vivos or testamentary trust.

(g)(1) The State Board of Equalization shall design the form for claiming eligibility. Except as provided in paragraph (2), any claim under this section shall be filed:

(A) Within three years after the date of the purchase or transfer of real property for which the claim is filed, or prior to transfer of the real property to a third party or an eligible transferee no longer occupies the residence, whichever is earlier.

(B) Notwithstanding subparagraphs (A), a claim shall be deemed to be timely filed if it is filed within six months after the date of mailing of a notice of supplemental or escape assessment, issued as a result of the purchase or transfer of real property for which the claim is filed.

(2) In the case in which the real property subject to purchase or transfer has not been transferred to a third party, a claim for exclusion under this section that is filed subsequent to the expiration of the filing periods set forth in paragraph (1) shall be considered by the assessor, subject to all of the following conditions:

(A) Any exclusion granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) Under any exclusion granted pursuant to that claim, the adjusted full cash value of the subject real property in the assessment year described in subparagraph (A) shall be the adjusted base year value of the subject real property in the assessment year in which the excluded purchase or transfer took place, factored to the assessment year described in subparagraph (A) for all of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property.

(iii) Any increase that would occur under paragraph (2) of subdivision (c), with inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(3) Unless otherwise expressly provided, the provisions of this subdivision shall apply to any purchase or transfer of real property that occurred on or after February 16, 2021.

(4) For purposes of this subdivision, a transfer of real property to an eligible grandparent, parent, ~~or~~ child, or grandchild of the transferor shall not be considered a transfer to a third party.

(h) This section shall apply to both voluntary transfers and transfers resulting from a court order or judicial decree. Nothing in this subdivision shall be construed as conflicting with ~~paragraph (1) of subdivision (c)~~ or the general principle that transfers by reason of death occur at the time of death.

(i) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the transferee and the transferor or their respective spouse, the transferee's legal representative, the transferor's legal representative, the trustee of the transferee's trust, the trustee of the transferor's trust, and the executor or administrator of the transferee's or transferor's estate.

(j) (1) If the assessor notifies the transferee in writing of potential eligibility for exclusion from change in ownership under this section, a certified claim for exclusion shall be filed with the assessor within 45 days of the date of the notice of potential eligibility. If a certified claim for exclusion is not filed within 45 days, the assessor may send a second notice of potential eligibility for exclusion, notifying the transferee that a certified claim for exclusion has not been received and that reassessment of the property will commence unless a certified claim for exclusion is filed within 60 days of the date of the second notice of potential eligibility. The second notice of potential eligibility shall indicate whether a certified claim for exclusion that is not filed within 60 days will be subject to a processing fee as provided in paragraph (2).

(2) If a certified claim for exclusion is not filed within 60 days of the date of the second notice of potential eligibility and an eligible transferee subsequently files a claim and qualifies for the exclusion, the assessor may, upon authorization by a county board of supervisors, require an eligible transferee to pay a one-time processing fee, collected at the time the claim is submitted, and reimbursed by the assessor if the claim is ineligible. The fee shall be subject to the provisions of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code and shall not exceed the amount of the actual and reasonable costs incurred by the assessor for reassessment work done due to failure to file the claim for exclusion or one hundred seventy-five dollars (\$175), whichever is less.

(3) The failure to file a certified claim for exclusion within the filing periods specified by this subdivision shall not be construed to limit any exclusion from being granted pursuant to a claim filed within the filing periods specified by subdivision (g).

(4) Beginning on or after February 16, 2021, the family home must be maintained continuously as a family home by an eligible transferee, whether by the eligible transferee that initially used the home as a primary residence or subsequently by another eligible transferee that received the property from the eligible transferor.

(A) A subsequent eligible transferee must reside in the family home within one year after the previous eligible transferee no longer occupied the residence as their principal residence, and must file for, and qualify for, the homeowner's exemption or disabled veteran's exemption within that year.

(B) If an eligible transferee fails to establish the family home as their primary residence within a year, the change in ownership exclusion that applied at the initial transfer of the family home no longer applies. As of the ensuing lien date, the factored fair market value established as of the change in ownership date to which the exclusion applied, will be enrolled.

(C) A notice shall be sent to inform the transferee of the fair market value established as of the change-of-ownership event.

(D) If the transferee that is the primary resident moves out of the family home, they must notify the Assessor within 60 days of vacating the primary residence or alternatively, they must notify the Assessor by December 10th (the last day to terminate the Homeowner's exemption without penalty. The Assessor should receive notice of ineligibility by that date.

(E) Upon request by the Assessor, any person claiming exclusion under Section XXX 63.2, shall submit to the Assessor annually an affidavit giving any information required by the Board. The Assessor may deny the exclusion if any person fails to submit the annual affidavit.

(k) After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, and 2.3 of Article XIII A of the California Constitution.

(l) Subdivision (h) of section 2 of Article XIII A of the California Constitution shall be inoperative as of February 16, 2021, and subdivision (b) section 2.1 of Article XIII A of the California Constitution shall be operative as of February 16, 2021.

Proposed Revenue and Taxation Code Section 69.1.

Natural Disaster or Governor Declared Base Year Transfers for Primary Residence anywhere in the state, with no limit to location or value section

(a) Notwithstanding any other law, pursuant to paragraph (b) of section 2.1 of Article XIII A of the California Constitution, a victim of a wildfire or natural disaster may transfer the taxable value of their primary residence to a replacement primary residence located anywhere in this state, regardless of the location or value of the replacement primary residence, that is purchased or newly constructed as that person's principal residence within two years of the sale of the original primary residence.

(b) The base year value of the original primary residence shall be the base year value of the original primary residence as determined in accordance with section 110.1, with the inflation factor adjustments permitted by subdivision (f) of section 110.1, determined as of the date immediately prior to the date that the original primary residence was substantially damaged or destroyed. The taxable value of the original property shall also include any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the date of the substantial damage to, or destruction of, the original primary residence and up to the date the replacement primary residence is acquired or newly constructed, regardless of whether the victim of a wildfire or natural disaster continued to own the original primary residence during this entire period. The base year or years used to compute the taxable value of the original primary residence shall be deemed to be the base year or years of any original primary residence to which that base year value is transferred pursuant to this section.

(c) For purposes of this section:

(1) "Disabled veteran's exemption" means the exemption authorized by subdivision (a) of section 4 of Article XIII, and by Section 205.5 of Chapter 1.

(2) "Full cash value" or "fair market value" means the amount of cash or its equivalent that property would bring if exposed for sale in the open market under conditions in which neither buyer nor seller could take advantage of the exigencies of the other, and both the buyer and the seller have knowledge of all of the uses and purposes to which the property is adapted and for which it is capable of being used, and of the enforceable restrictions upon those uses and purposes. Section 110.

(3) "Full cash value of the original property" means its full cash value, as determined in accordance with Section 110, immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.

(4) "Full cash value of the replacement property" means its full cash value, as determined in accordance with Section 110.1 as of the date upon which it was purchased or new construction was completed, that is applicable on and after that date.

(5) "Homeowner's exemption" means the exemption provided by subdivision (k) of section 3 of Article XIII, and in Section 218 of Chapter 1.

(6) "Natural disaster" means the existence, as declared by the Governor, of conditions of disaster or extreme peril to the safety of persons or property within the affected area caused by conditions such as fire, flood, drought, storm, mudslide, earthquake, civil disorder, foreign invasion, or volcanic eruption.

(7) "Original primary residence" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a victim of a wildfire or natural disaster as his or her principal place of residence, and any land owned by the victim of a wildfire or natural disaster on which the building, structure, or other shelter is situated, that has been substantially damaged or destroyed by a disaster. For purposes of this paragraph, land constituting a part of original primary residence includes only that area of reasonable size that is used as a site for a residence, and "land owned by the victim of a wildfire or natural disaster" includes land for which the victim of a wildfire or natural disaster either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. For purposes of this paragraph, each unit of a multiunit dwelling shall be considered a separate original primary residence.

(8) "Primary residence" means a residence eligible for either of the following:

(A) The homeowner's exemption.

(B) The disabled veteran's exemption.

(9) "Principal Residence" means a dwelling that is eligible for a homeowner's exemption or a disabled veteran's exemption as a result of the transferor's ownership and occupation of a dwelling.

(10) "Replacement primary residence" has the same meaning as "replacement dwelling," as that term is defined in subdivision (a) of section 2 of Article XIII A.

(11) "Substantially damaged or destroyed" means property where improvements sustain physical damage amounting to more than 50 percent of ~~either the land's or~~ the improvement's full cash value immediately prior to the disaster. Damage includes a diminution in the value of property as a result of restricted access to the property where the restricted access was caused by the disaster and is permanent in nature.

(12) "Taxable value" means the base year value determined in accordance with subdivision (a) of Section 2 plus any adjustment authorized by subdivision (b) of Section 2 of Article XIII A, and Section 110.1 of Chapter 1.

(13) "Victim of a wildfire or natural disaster" means the owner of a primary residence that has been substantially damaged as a result of a wildfire or natural disaster that amounts to more than 50 percent of the improvement value of the primary residence immediately before the wildfire or natural disaster. For purposes of this paragraph, "damage" includes a diminution in the value of the primary residence as a result of restricted access caused by the wildfire or natural disaster.

(14) "Wildfire" means an unplanned, unwanted wildland fire, including unauthorized human-caused fires, escaped wildland fire use events, escaped prescribed fire projects, and all other wildland fires where the objective is to extinguish the fire.

(d) For purposes of this section, the assessor shall use the following procedure in determining the appropriate replacement taxable value of the replacement primary residence:

(1) If the full cash value of the replacement primary residence does not exceed 100 percent of the full cash value of the primary residence substantially damaged or destroyed, then the adjusted taxable year value of the primary residence substantially damaged or destroyed shall be transferred to the replacement primary residence as its replacement taxable value.

(2) If the full cash value of the replacement primary residence exceeds 100 percent of the full cash value of the property substantially damaged or destroyed, then the amount of the full cash value over 100 percent of the full cash value of the property substantially damaged or destroyed shall be added to the adjusted taxable value of the principal residence substantially damaged or destroyed. The sum of these amounts shall become the replacement property's replacement taxable value.

(3) The full cash value of the property substantially damaged or destroyed shall be the amount of its full cash value immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.

(4) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings pursuant to this section.

(e) For purposes of this section:

(1) Property is substantially damaged or destroyed if the improvements sustain physical damage amounting to more than 50 percent the improvement's full cash value immediately prior to the wildfire or disaster. Damage includes a diminution in the value of property as a result of restricted access to the property where the restricted access was caused by the disaster and is permanent in nature.

(2) The base year value of the original primary residence shall be the base year value of the original primary residence as determined in accordance with Section 110.1, with the inflation factor adjustments permitted by subdivision (f) of Section 110.1, determined as of the date immediately prior to the date that the original primary residence was substantially damaged or destroyed. The taxable value of the original property shall also include any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the date of the substantial damage to, or destruction of, the original primary residence and up to the date the replacement-primary residence is acquired or newly constructed, regardless of whether the victim of a wildfire or natural disaster continued to own the original primary residence during this entire period. The base year or years used to compute the taxable value of the original primary residence shall be deemed to be the base year or years of any original primary residence to which that base year value is transferred pursuant to this section.

(3) The original primary residence is eligible for the homeowners' exemption or the disabled veteran's exemption, as the result of the claimant's ownership and occupation of the property as his or her primary residence, either at the time of its sale, or at the time when the original primary residence was substantially damaged or destroyed by a wildfire or Governor declared disaster, or within two years of the purchase or new construction of the replacement dwelling.

(4) Only the victim of a wildfire or natural disaster of the property that has been substantially damaged or destroyed may receive property tax relief pursuant to this section. Relief under this section shall be granted to an owner or owners of a substantially damaged or destroyed property purchasing a replacement primary residence. The acquisition of an ownership interest in a legal entity that, directly or indirectly, owns real property is not an acquisition of a replacement primary residence for purposes of this section.

(5) A timely claim for relief pursuant to this section, in that form as shall be prescribed by the board, shall be filed by the owner with the assessor of the county in which the replacement primary residence is located. No relief pursuant to this section shall be granted unless the claim is filed within two years after the replacement property is acquired or newly constructed, whichever is later.

(6) Any taxes that were levied on the replacement property prior to the filing of a claim on the basis of the replacement property's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(7) A claim for transfer of base year value under this section that is filed after the expiration of the filing period set forth in subparagraph (5) shall be considered by the assessor, subject to all of the following conditions:

(A) Any base year value transfer granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) The full cash value of the replacement property in the assessment year described in subparagraph (1) shall be the base year value of the real property in the assessment year in which the base year value was transferred, factored to the assessment year described in subparagraph (A) the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property.

(iii) Any increase authorized under paragraph (2) of subdivision (d), plus inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(8) This section shall apply to any replacement primary residence located within the state that is acquired or newly constructed as a replacement for property that has been substantially damaged or destroyed by a disaster occurring on or after April 1, 2021.

(f) No base year value may be transferred pursuant to Revenue and Taxation Code section 69.3 after March 31, 2021.

(g) After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, and 2.3 Article XIII A of the California Constitution.

Proposed Revenue and Taxation Code Section 69.6.

SENIORS AND SEVERELY DISABLED BASE YEAR TRANSFERS

Beginning on and after April 1, 2021, the following shall apply:

(a) Notwithstanding any other provision of law, pursuant to section 2.1 of Article XIII A of the California Constitution, any person over the age of 55 years, or any severely disabled person, who resides in property that is eligible for the disabled veteran's exemption or homeowners' exemption under subdivision (k) of section 3 of Article XIII of the California Constitution and Sections 205 and 218 may transfer, subject to the conditions and limitations provided in this section, the base year value of that property to any replacement dwelling that is purchased or newly constructed by that person as his or her primary residence within two years of the sale by that person of the original property, provided that the base year value of

the original property shall not be transferred to the replacement dwelling until the original property is sold. A replacement property may be located anywhere in the state of California. A person shall not be allowed to transfer the taxable value of a primary residence more than three times pursuant to this subdivision.

(b) In addition to meeting the requirements of subdivision (a), any person claiming the property tax relief provided by this section shall be eligible for that relief only if the following conditions are met:

(1) The claimant is an owner and a resident of the original property either at the time of its sale, or within two years of the purchase or new construction of the replacement dwelling.

(2) The original property is eligible for the homeowners' exemption or disabled veteran's exemption, as the result of the claimant's ownership and occupation of the property as his or her principal residence, either at the time of its sale, or within two years of the purchase or new construction of the replacement dwelling.

(3) At the time of the sale of the original property, the claimant is at least 55 years of age, or is severely disabled.

(4) At the time of claiming the property tax relief provided by subdivision (a), the claimant is an owner of a replacement dwelling and occupies it as his or her principal place of residence and, as a result thereof, the property is currently eligible for the homeowners' exemption or disabled veteran's exemption, or would be eligible for the exemption except that the property is already receiving the exemption because of an exemption claim filed by the previous owner.

(5) The original property of the claimant is sold by him or her within two years of the purchase or new construction of the replacement dwelling. For purposes of this paragraph, the purchase or new construction of the replacement dwelling includes the purchase of that portion of land on which the replacement building, structure, or other shelter constituting a place of abode of the claimant will be situated and that, pursuant to paragraph (3) of subdivision (g), constitutes a part of the replacement dwelling.

(6) The claimant has not previously been granted, as a claimant, the property tax relief provided by this section more than two previous times. In order to prevent more than three claims under this section within this state, county assessors shall report quarterly to the State Board of Equalization that information from claims filed in accordance with subdivision (f) and from county records as is specified by the board necessary to identify fully all claims under this section allowed by assessors and all claimants who have thereby received relief. The board may specify that the information include all or a part of the names and social security numbers of claimants and location of the replacement dwelling to which the claim applies. The information may be required in the form of data processing media or other media and in a format that is compatible with the recordkeeping processes of the counties and the auditing procedures of the state.

(c) The property tax relief provided by this section shall be available if the original property or the replacement dwelling, or both, of the claimant includes, but is not limited to, either of the following:

(1) A unit or lot within a cooperative housing corporation, a community apartment project, a condominium project, or a planned unit development. If the unit or lot

constitutes the original property of the claimant, the assessor shall transfer to the claimant's replacement dwelling only the base year value of the claimant's unit or lot and his or her share in any common area reserved as an appurtenance of that unit or lot. If the unit or lot constitutes the replacement dwelling of the claimant, the assessor shall transfer the base year value of the claimant's original property only to the unit or lot of the claimant and any share of the claimant in any common area reserved as an appurtenance of that unit or lot.

(2) A manufactured home or a manufactured home and any land owned by the claimant on which the manufactured home is situated. For purposes of this paragraph, "land owned by the claimant" includes a pro rata interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(A) If the manufactured home or the manufactured home and the land on which it is situated constitutes the claimant's original property, the assessor shall transfer to the claimant's replacement dwelling either the base year value of the manufactured home or the base year value of the manufactured home and the land on which it is situated, as appropriate. If the manufactured home dwelling that constitutes the original property of the claimant includes an interest in a resident-owned mobilehome park, the assessor shall transfer to the claimant's replacement dwelling the base year value of the claimant's manufactured home and his or her pro rata portion of the real property of the park. No transfer of base year value shall be made by the assessor of that portion of land that does not constitute a part of the original property, as provided in paragraph (4) of subdivision (g).

(B) If the manufactured home or the manufactured home and the land on which it is situated constitutes the claimant's replacement dwelling, the assessor shall transfer the base year value of the claimant's original property either to the manufactured home or the manufactured home and the land on which it is situated, as appropriate. If the manufactured home dwelling that constitutes the replacement dwelling of the claimant includes an interest in a resident-owned mobilehome park, the assessor shall transfer the base year value of the claimant's original property to the manufactured home of the claimant and his or her pro rata portion of the park. No transfer of base year value shall be made by the assessor to that portion of land that does not constitute a part of the replacement dwelling, as provided in paragraph (3) of subdivision (g).

This subdivision shall be subject to the limitations specified in subdivision (d).

(d) The property tax relief provided by this section shall be available to a claimant who is the co-owner of the original property, as a joint tenant, a tenant in common, a community property owner, or a present beneficiary of a trust subject to the following limitations:

(1) If a single replacement dwelling is purchased or newly constructed by all of the co-owners and each co-owner retains an interest in the replacement dwelling, the claimant shall be eligible under this section whether or not any or all of the remaining co-owners would otherwise be eligible claimants.

(2) If two or more replacement dwellings are separately purchased or newly constructed by two or more co-owners and more than one co-owner would otherwise be an eligible claimant, only one co-owner shall be eligible under this

section. These co-owners shall determine by mutual agreement which one of them shall be deemed eligible.

(3) If two or more replacement dwellings are separately purchased or newly constructed by two co-owners who held the original property as community property, only the co-owner who has attained the age of 55 years, or is severely disabled, shall be eligible under this section. If both spouses are over 55 years of age, they shall determine by mutual agreement which one of them is eligible. In the case of co-owners whose original property is a multiunit dwelling, the limitations imposed by paragraphs (2) and (3) shall only apply to co-owners who occupied the same dwelling unit within the original property at the time specified in paragraph (2) of subdivision (b).

(e) Upon the sale of original property, the assessor shall determine a new base year value for that property in accordance with subdivision (a) of section 2 of Article XIII A of the California Constitution and Section 110.1, whether or not a replacement dwelling is subsequently purchased or newly constructed by the former owner or owners of the original property.

This section shall not apply unless the transfer of the original property is a change in ownership that either (1) subjects that property to reappraisal at its current fair market value in accordance with Section 110.1 or 5803 or (2) results in a base year value determined in accordance with this section, or Section xx (whatever disaster section becomes) because the property qualifies under this section, or Section xx (whatever disaster section becomes) as a replacement dwelling or property.

(f) (1) A claimant shall not be eligible for the property tax relief provided by this section unless the claimant provides to the assessor, on a form that shall be designed by the State Board of Equalization and that the assessor shall make available upon request, the following information:

(A) The name and social security number of the claimant who is a record owner of the replacement dwelling.

(B) Proof that the claimant was, at the time of its sale, at least 55 years of age, or severely disabled. Proof of severe disability shall be considered a certification, signed by a licensed physician or surgeon of appropriate specialty, attesting to the claimant's severely disabled condition. In the absence of available proof that a person is over 55 years of age, the claimant shall certify under penalty of perjury that the age requirement is met. In the case of a severely disabled claimant either of the following shall be submitted:

(i) A certification, signed by a licensed physician or surgeon of appropriate specialty that identifies specific reasons why the disability necessitates a move to the replacement dwelling and the disability-related requirements, including any locational requirements, of a replacement dwelling. The claimant shall substantiate that the replacement dwelling meets disability-related requirements so identified and that the primary reason for the move to the replacement dwelling is to satisfy those requirements. If the claimant, or the claimant's spouse or guardian, so declares under penalty of perjury, it shall be rebuttably presumed that the primary purpose of the move to the replacement dwelling is to satisfy identified disability-related requirements.

(ii) The claimant's substantiation that the primary purpose of the move to the replacement dwelling is to alleviate financial burdens caused by the disability. If the claimant, or the claimant's spouse or guardian, so declares under penalty of perjury, it shall be rebuttably presumed that the primary purpose of the move is to alleviate the financial burdens caused by the disability.

(C) The address and, if known, the assessor's parcel number of the original property.

(D) The date of the claimant's sale of the original property and the date of the claimant's purchase or new construction of a replacement dwelling.

(E) A statement by the claimant that he or she occupied the replacement dwelling as his or her principal place of residence on the date of the filing of his or her claim.

(F) Any claim under this section shall be filed within three years of the date the replacement dwelling was purchased or the new construction of the replacement dwelling was completed.

(2) A claim for transfer of base year value under this section that is filed after the expiration of the filing period set forth in subparagraph (F) of paragraph (1) shall be considered by the assessor, subject to all of the following conditions:

(A) Any base year value transfer granted pursuant to that claim shall apply commencing with the lien date of the assessment year in which the claim is filed.

(B) The full cash value of the replacement property in the assessment year described in subparagraph (A) shall be the base year value of the real property in the assessment year in which the base year value was transferred, factored to the assessment year described in subparagraph (A) for all of the following:

(i) Inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(ii) Any subsequent new construction occurring with respect to the subject real property that does not qualify for property tax relief pursuant to the criteria set forth in subparagraphs (A) and (B) of paragraph (4) of subdivision (h).

(iii) Any value increase as described in XXX, plus inflation as annually determined in accordance with paragraph (1) of subdivision (a) of Section 51.

(g) For purposes of this section:

(1) "Person over the age of 55 years" means any person who has attained the age of 55 years or older at the time of the sale of the original property.

(2) "Base year value of the original property" means its base year value, as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date that the original property is sold by the claimant.

If the taxable value of the replacement dwelling is of greater value than the original property, the taxable value of the replacement dwelling shall be calculated by adding the difference between the full cash value of the original dwelling and the full cash value of the replacement property to the taxable value of the original property. If the replacement dwelling is purchased or newly constructed after the transfer of the original property, "base year value of the original property" also includes any inflation factor adjustments permitted by subdivision (f) of Section 110.1 for the period subsequent to the sale of the original property. The base year

or years used to compute the "base year value of the original property" shall be deemed to be the base year or years of any property to which that base year value is transferred pursuant to this section.

(3) "Replacement dwelling" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as his or her principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of a replacement dwelling includes only that area of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate replacement dwelling. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(4) "Original property" means a building, structure, or other shelter constituting a place of abode, whether real property or personal property, that is owned and occupied by a claimant as his or her principal place of residence, and any land owned by the claimant on which the building, structure, or other shelter is situated. For purposes of this paragraph, land constituting a part of the original property includes only that area of reasonable size that is used as a site for a residence, and "land owned by the claimant" includes land for which the claimant either holds a leasehold interest described in subdivision (c) of Section 61 or a land purchase contract. Each unit of a multiunit dwelling shall be considered a separate original property. For purposes of this paragraph, "area of reasonable size that is used as a site for a residence" includes all land if any nonresidential uses of the property are only incidental to the use of the property as a residential site. For purposes of this paragraph, "land owned by the claimant" includes an ownership interest in a resident-owned mobilehome park that is assessed pursuant to subdivision (b) of Section 62.1.

(5)
For the purposes of this subdivision, except as otherwise provided in paragraph (5) of subdivision (h), if the replacement dwelling is, in part, purchased and, in part, newly constructed, the date the "replacement dwelling is purchased or newly constructed" is the date of purchase or the date of completion of construction, whichever is later.

(6) "Full cash value of the replacement dwelling" means its full cash value, determined in accordance with Section 110.1, as of the date on which it was purchased or new construction was completed, and after the purchase or the completion of new construction.

(7) "Full cash value of the original property" means its new base year value, determined in accordance with subdivision (e), without the application of subdivision (h) of section 2 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of section 2 of

Article XIII A and subdivision (f) of Section 110.1 for the period from the date of its sale by the claimant to the date on which the replacement property was purchased or new construction was completed.

(8) "Sale" means any change in ownership of the original property for consideration.

(9) "Claimant" means any person claiming the property tax relief provided by this section.

(10) "Property that is eligible for the homeowners' exemption" includes property that is the principal place of residence of its owner and is entitled to exemption pursuant to Section 205.5.

(11) "Person" means any individual, but does not include any firm, partnership, association, corporation, company, or other legal entity or organization of any kind. "Person" includes an individual who is the present beneficiary of a trust.

(12) "Severely disabled" means any person described having a great degree of impairment or greatly limited by a physical, mental, cognitive, or developmental condition.

(h) (1) Upon the timely filing of a claim described in subparagraph (F) of paragraph (1) of subdivision (f), the assessor shall adjust the new base year value of the replacement dwelling in conformity with this section. This adjustment shall be made as of the latest of the following dates:

(A) The date the original property is sold.

(B) The date the replacement dwelling is purchased.

(C) The date the new construction of the replacement dwelling is completed.

(2) If the taxable value of the replacement dwelling is of greater value than the original property, the taxable value of the replacement dwelling shall be calculated by adding the difference between the full cash value of the original dwelling and the full cash value of the replacement property to the taxable value of the original property.

(3) Any taxes that were levied on the replacement dwelling prior to the filing of the claim on the basis of the replacement dwelling's new base year value, and any allowable annual adjustments thereto, shall be canceled or refunded to the claimant to the extent that the taxes exceed the amount that would be due when determined on the basis of the adjusted new base year value.

(4) Notwithstanding Section 75.10, Chapter 3.5 (commencing with Section 75) shall be utilized for purposes of implementing this subdivision, including adjustments of the new base year value of replacement dwellings acquired prior to the sale of the original property.

(5) In the case where a claim under this section has been timely filed and granted, and new construction is performed upon the replacement dwelling subsequent to the transfer of base year value, the property tax relief provided by this section also shall apply to the replacement dwelling, as improved, and thus there shall be no reassessment upon completion of the new construction if both of the following conditions are met:

(A) The new construction is completed within two years of the date of the sale of the original property and the owner notifies the assessor in writing of completion of the new construction within six months after completion.

(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (7) of subdivision (g) for purposes of granting the original claim.

(i) A claim filed under this section is not a public document and is not subject to public inspection, except that a claim shall be available for inspection by the claimant or the claimant's spouse, the claimant's or the claimant's spouse's legal representative, the trustee of a trust in which the claimant or the claimant's spouse is a present beneficiary, and the executor or administrator of the claimant's or the claimant's spouse's estate.

(j) No base year value may be transferred pursuant to Revenue and Taxation Code section 69.5 after March 31, 2021.

(k) After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, and 2.3 of Article XIII A of the California Constitution.

REVENUE & REPORTING REQUIREMENTS ARE NOT INCLUDED IN THIS DRAFT

SEC. 2.2.

(a) Protection of Fire Services, Emergency Response, and County Services. It is the intent of the Legislature in proposing, and the people in adopting, this section and Section 2.3 to do both of the following:

(1) Dedicate revenue for fire protection and emergency response, address inequities in underfunded fire districts, ensure all communities are protected from wildfires, and safeguard the lives of millions of Californians.

(2) Protect county revenues and other vital local services.

SEC. 2.3.

(a) Each county shall annually, no later than the date specified by the California Department of Tax and Fee Administration by regulations adopted pursuant to this section, determine the gain for the county and for each local agency in the county resulting from implementation of Section 2.1...

69. NON-PRINCIPAL RESIDENCE DISASTER TRANSFERS (modified slightly)

(a) Notwithstanding any other law, pursuant to section 2 of Article XIII A of the Constitution, the base year value of property that is substantially damaged or destroyed by a disaster, as declared by the Governor, may be transferred to comparable property within the same county, which is acquired or newly constructed within five years after the disaster, including in the case of the Northridge earthquake, as a replacement for the substantially damaged or

destroyed property. At the time the base year value of the substantially damaged or destroyed property is transferred to the replacement property, the substantially damaged or destroyed property shall be reassessed at its full cash value; however, the substantially damaged or destroyed property shall retain its base year value notwithstanding the transfer authorized by this section. If the owner or owners of substantially damaged or destroyed property receive property tax relief under this section, that property shall not be eligible for property tax relief under subdivision (c) of Section 70 in the event of its reconstruction. Effective April 1, 2021, this section shall no longer apply to a primary residence.

(b) The replacement base year value of the replacement property acquired shall be determined in accordance with this section.

The assessor shall use the following procedure in determining the appropriate replacement base year value of comparable replacement property:

(1) If the full cash value of the comparable replacement property does not exceed 120 percent of the full cash value of the property substantially damaged or destroyed, then the adjusted base year value of the property substantially damaged or destroyed shall be transferred to the comparable replacement property as its replacement base year value.

(2) If the full cash value of the replacement property exceeds 120 percent of the full cash value of the property substantially damaged or destroyed, then the amount of the full cash value over 120 percent of the full cash value of the property substantially damaged or destroyed shall be added to the adjusted base year value of the property substantially damaged or destroyed. The sum of these amounts shall become the replacement property's replacement base year value.

(3) If the full cash value of the comparable replacement property is less than the adjusted base year value of the property substantially damaged or destroyed, then that lower value shall become the replacement property's base year value.

(4) The full cash value of the property substantially damaged or destroyed shall be the amount of its full cash value immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.

(c) For purposes of this section:

(1) Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land's or the improvement's full cash value immediately prior to the disaster. Damage includes a diminution in the value of property as a result of restricted access to the property where the restricted access was caused by the disaster and is permanent in nature.

(2) Replacement property is comparable to the property substantially damaged or destroyed if it is similar in size, utility, and function to the property which it replaces.

(A) Property is similar in function if the replacement property is subject to similar governmental restrictions, such as zoning.

(B) Both the size and utility of property are interrelated and associated with value. Property is similar in size and utility only to the extent that the replacement property is, or is intended to be, used in the same manner as the property

substantially damaged or destroyed and its full cash value does not exceed 120 percent of the full cash value of the property substantially damaged or destroyed.

(i) A replacement property or any portion thereof used or intended to be used for a purpose substantially different than the use made of the property substantially damaged or destroyed shall to the extent of the dissimilar use be considered not similar in utility.

(ii) A replacement property or portion thereof that satisfies the use requirement but has a full cash value that exceeds 120 percent of the full cash value of the property substantially damaged or destroyed shall be considered, to the extent of the excess, not similar in utility and size.

(C) To the extent that replacement property, or any portion thereof, is not similar in function, size, and utility, the property, or portion thereof, shall be considered to have undergone a change in ownership when the replacement property is acquired or newly constructed.

(3) "Disaster" means a major misfortune or calamity in an area subsequently proclaimed by the Governor to be in a state of disaster as a result of the misfortune or calamity.

(d) (1) This section applies to any comparable replacement property acquired or newly constructed on or after July 1, 1985.

(2) The amendments made by Chapter 1053 of the Statutes of 1993 apply to any comparable replacement property that is acquired or newly constructed as a replacement for property substantially damaged or destroyed by a disaster occurring on or after October 20, 1991, and to the determination of base year values for the 1991–92 fiscal year and fiscal years thereafter.

(3) The amendments made by Chapter 317 of the Statutes of 2006 apply to any comparable replacement property that is acquired or newly constructed as a replacement for property substantially damaged or destroyed by a disaster occurring on or after July 1, 2003, and to the determination of base year values for the 2003–04 fiscal year and fiscal years thereafter.

(e) Only the owner or owners of the property substantially damaged or destroyed, whether one or more individuals, partnerships, corporations, other legal entities, or a combination thereof, shall receive property tax relief under this section. Relief under this section shall be granted to an owner or owners of substantially damaged or destroyed property obtaining title to replacement property. The acquisition of an ownership interest in a legal entity, which directly or indirectly owns real property, is not an acquisition of comparable property.

(f) Notwithstanding any other law, the board of supervisors of the County of San Diego may by ordinance extend the time period specified in subdivision (a) to transfer the base year value of property that is substantially damaged or destroyed by the Cedar Fire that commenced in October 2003, as declared by the Governor, to comparable property within the same county that is acquired or newly constructed as a replacement for the substantially damaged or destroyed property by two years. This subdivision shall apply to the determination of base year values for the 2003–04 fiscal year and fiscal years thereafter.

(g) The amendments made to this section by the act adding this subdivision shall apply commencing with the lien date for the 2012–13 fiscal year.
(Amended by Stats. 2011, Ch. 351, Sec. 2. (SB 947) Effective January 1, 2012.)

Section 70 stands as is.

(a) "Newly constructed" and "new construction" means:

(1) Any addition to real property, whether land or improvements, including fixtures, since the last lien date; and

(2) Any alteration of land or of any improvement, including fixtures, since the last lien date that constitutes a major rehabilitation thereof or that converts the property to a different use.

(b) Any rehabilitation, renovation, or modernization that converts an improvement or fixture to the substantial equivalent of a new improvement or fixture is a major rehabilitation of that improvement or fixture.

(c) Notwithstanding subdivisions (a) and (b), where real property has been damaged or destroyed by misfortune or calamity, "newly constructed" and "new construction" does not mean any timely reconstruction of the real property, or portion thereof, where the property after reconstruction is substantially equivalent to the property prior to damage or destruction. Any reconstruction of real property, or portion thereof, that is not substantially equivalent to the damaged or destroyed property, shall be deemed to be new construction and only that portion that exceeds substantially equivalent reconstruction shall have a new base year value determined pursuant to Section 110.1.

(d) (1) Notwithstanding subdivisions (a) and (b), where a tank must be improved, upgraded, or replaced to comply with federal, state, and local regulations on underground storage tanks, "newly constructed" and "new construction" does not mean the improvement, upgrade, or replacement of a tank to meet compliance standards, and the improvement, upgrade, or replacement shall be considered to have been performed for the purpose of normal maintenance and repair.

(2) Notwithstanding subdivisions (a) and (b), where a structure, or any portion thereof, was reconstructed, as a consequence of completing work on an underground storage tank to comply with federal, state, and local regulations on these tanks, timely reconstruction of the structure shall be considered to have been performed for the purpose of normal maintenance and repair where the structure, or portion thereof, after reconstruction is substantially equivalent to the prior structure in size, utility, and function.

170. STANDS AS IS

(a) Notwithstanding any other law, the board of supervisors, by ordinance, may provide that every assessee of any taxable property, or any person liable for the taxes thereon, whose property was damaged or destroyed without his or her fault, may apply for reassessment of that property as provided in this section. The

ordinance may also specify that the assessor may initiate the reassessment where the assessor determines that within the preceding 12 months taxable property located in the county was damaged or destroyed.

To be eligible for reassessment the damage or destruction to the property shall have been caused by any of the following:

(1) A major misfortune or calamity, in an area or region subsequently proclaimed by the Governor to be in a state of disaster, if that property was damaged or destroyed by the major misfortune or calamity that caused the Governor to proclaim the area or region to be in a state of disaster. As used in this paragraph, "damage" includes a diminution in the value of property as a result of restricted access to the property where that restricted access was caused by the major misfortune or calamity.

(2) A misfortune or calamity.

(3) A misfortune or calamity that, with respect to a possessory interest in land owned by the state or federal government, has caused the permit or other right to enter upon the land to be suspended or restricted. As used in this paragraph, "misfortune or calamity" includes a drought condition such as existed in this state in 1976 and 1977.

The application for reassessment may be filed within the time specified in the ordinance or within 12 months of the misfortune or calamity, whichever is later, by delivering to the assessor a written application requesting reassessment showing the condition and value, if any, of the property immediately after the damage or destruction, and the dollar amount of the damage. The application shall be executed under penalty of perjury, or if executed outside the State of California, verified by affidavit.

An ordinance may be made applicable to a major misfortune or calamity specified in paragraph (1) or to any misfortune or calamity specified in paragraph (2), or to both, as the board of supervisors determines. An ordinance shall not be made applicable to a misfortune or calamity specified in paragraph (3), unless an ordinance making paragraph (2) applicable is operative in the county. The ordinance may specify a period of time within which the ordinance shall be effective, and, if no period of time is specified, it shall remain in effect until repealed.

(b) Upon receiving a proper application, the assessor shall appraise the property and determine separately the full cash value of land, improvements and personalty immediately before and after the damage or destruction. If 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 ten thousand dollars (\$10,000) or more, the assessor shall also separately determine the percentage reductions in value of land, improvements and personalty due to the damage or destruction. The assessor shall reduce the values appearing on the assessment roll by the percentages of damage or destruction computed pursuant to this subdivision, and the taxes due on the property shall be adjusted as provided in subdivision (e). However, the amount of the reduction shall not exceed the actual loss.

(c) (1) As used in this subdivision, "board" means either the county board of supervisors acting as the county board of equalization, or an assessment appeals board established by the county board of supervisors in accordance with Section 1620, as applicable.

(2) The assessor shall notify the applicant in writing of the amount of the proposed reassessment. The notice shall state that the applicant may appeal the proposed reassessment to the board within six months of the date of mailing the notice. If an appeal is requested within the six-month period, the board shall hear and decide the matter as if the proposed reassessment had been entered on the roll as an assessment made outside the regular assessment period. The decision of the board regarding the damaged value of the property shall be final, provided that a decision of the board regarding any reassessment made pursuant to this section shall create no presumption as regards the value of the affected property subsequent to the date of the damage.

(3) Those reassessed values resulting from reductions in full cash value of amounts, as determined above, shall be forwarded to the auditor by the assessor or the clerk of the board, as the case may be. The auditor shall enter the reassessed values on the roll. After being entered on the roll, those reassessed values shall not be subject to review, except by a court of competent jurisdiction.

(d) (1) If no application is made and the assessor determines that within the preceding 12 months a property has suffered damage caused by misfortune or calamity that may qualify the property owner for relief under an ordinance adopted under this section, the assessor shall provide the last known owner of the property with an application for reassessment. The property owner shall file the completed application within 12 months after the occurrence of that damage. Upon receipt of a properly completed, timely filed application, the property shall be reassessed in the same manner as required in subdivision (b).

(2) This subdivision does not apply where the assessor initiated reassessment as provided in subdivision (a) or (l).

(e) The tax rate fixed for property on the roll on which the property so reassessed appeared at the time of the misfortune or calamity, shall be applied to the amount of the reassessment as determined in accordance with this section and the assessee shall be liable for: (1) a prorated portion of the taxes that would have been due on the property for the current fiscal year had the misfortune or calamity not occurred, to be determined on the basis of the number of months in the current fiscal year prior to the misfortune or calamity; plus, (2) a proration of the tax due on the property as reassessed in its damaged or destroyed condition, to be determined on the basis of the number of months in the fiscal year after the damage or destruction, including the month in which the damage was incurred. For purposes of applying the preceding calculation in prorating supplemental taxes, the term "fiscal year" means that portion of the tax year used to determine the adjusted amount of taxes due pursuant to subdivision (b) of Section 75.41. If the damage or destruction occurred after January 1 and before the beginning of the next fiscal year, the reassessment shall be utilized to determine the tax liability for

the next fiscal year. However, if the property is fully restored during the next fiscal year, taxes due for that year shall be prorated based on the number of months in the year before and after the completion of restoration.

(f) Any tax paid in excess of the total tax due shall be refunded to the taxpayer pursuant to Chapter 5 (commencing with Section 5096) of Part 9, as an erroneously collected tax or by order of the board of supervisors without the necessity of a claim being filed pursuant to Chapter 5.

(g) The assessed value of the property in its damaged condition, as determined pursuant to subdivision (b) compounded annually by the inflation factor specified in subdivision (a) of Section 51, shall be the taxable value of the property until it is restored, repaired, reconstructed or other provisions of the law require the establishment of a new base year value.

If partial reconstruction, restoration, or repair has occurred on any subsequent lien date, the taxable value shall be increased by an amount determined by multiplying the difference between its factored base year value immediately before the calamity and its assessed value in its damaged condition by the percentage of the repair, reconstruction, or restoration completed on that lien date.

(h) (1) When the property is fully repaired, restored, or reconstructed, the assessor shall make an additional assessment or assessments in accordance with subparagraph (A) or (B) upon completion of the repair, restoration, or reconstruction:

(A) If the completion of the repair, restoration, or reconstruction occurs on or after January 1, but on or before May 31, then there shall be two additional assessments. The first additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll. The second additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value to be enrolled on the roll being prepared.

(B) If the completion of the repair, restoration, or reconstruction occurs on or after June 1, but before the succeeding January 1, then the additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll.

(2) On the lien date following completion of the repair, restoration, or reconstruction, the assessor shall enroll the new taxable value of the property as of that lien date.

(3) For purposes of this subdivision, "new taxable value" shall mean the lesser of the property's (A) full cash value, or (B) factored base year value or its factored base year value as adjusted pursuant to subdivision (c) of Section 70.

(i) The assessor may apply Chapter 3.5 (commencing with Section 75) of Part 0.5 in implementing this section, to the extent that chapter is consistent with this _under a charter or under the general laws of this state.

(k) Any ordinance in effect pursuant to former Section 155.1, 155.13, or 155.14 shall remain in effect according to its terms as if that ordinance was adopted pursuant to this section, subject to the limitations of subdivision (b).

(l) When the assessor does not have the general authority pursuant to subdivision (a) to initiate reassessments, if no application is made and the assessor determines that within the preceding 12 months a property has suffered damage caused by misfortune or calamity, that may qualify the property owner for relief under an ordinance adopted under this section, the assessor, with the approval of the board of supervisors, may reassess the particular property for which approval was granted as provided in subdivision (b) and notify the last known owner of the property of the reassessment.

After consultation with the California Assessors' Association, the board shall, by emergency regulation, promulgate regulations and produce forms and instructions necessary to implement and administer sections 2.1, 2.2, 2.3 Article XIII A of the California Constitution