STATE OF CALIFORNIA

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August 25, 1978

No. 78/151

TO COUNTY ASSESSORS:

SUMMARY OF PROPOSED LEGISLATION NUMBER 31

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

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

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

ASSEMBLY BILLS

No. 736 - Amended August 14, 1978

An act to amend Sections 17687 and 24833 of, and to add Sections 17687.5 and 24833.5 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

Existing law provides a 23% depletion allowance for sulfur.

This bill would decrease such allowance to 22%.

Existing law limits the amount of depletion allowance with respect to taxpayers whose total accumulated depletion allowance equals the adjusted cost of their interest in the oil or gas wells subject to depletion. The annual limit is $1,500,000 reduced by 125% of the authorized allowance in excess of $1,500,000.

This bill would limit the amount of depletion in the same manner as oil and gas wells with respect to taxpayers whose total accumulated depletion allowance with respect to sulfur equals the adjusted cost of their interest in the property subject to depletion. The annual limit would be $1,500,000, reduced by 125% of the authorized allowance in excess of $1,500,000.

Such limit could reduce the amount of income subject to the imposition of the tax on items of tax preference and increase the amount subject to regular personal income taxes or regular bank and corporation taxes.

ASSEMBLY BILLS (Contd.)

No. 1054 - Amended August 16, 1978

An act to amend Sections 18008, 18211, 18550, 18613, and 19990 of, and to add Sections 18615 and 18615.1 to, the Health and Safety Code, and to amend Section 396 of the Vehicle Code, relating to dwellings.

(1) Existing law defines the term "mobilehome" for purposes of the Vehicle Code and provisions of the Health and Safety Code relating to mobilehomes and mobilehome parks. Existing law prohibits any person from using or causing, or permitting to be used for occupancy, any mobilehome from which any axle or wheel hub has been removed and also prohibits permanently attaching a mobilehome with underpinning or foundation to the ground.

This bill would revise the definition of the term "mobilehome" for the purposes of such Health and Safety Code and Vehicle Code provisions as specified.

This bill would delete the prohibition against using or causing, or permitting to be used for occupancy, any mobilehome from which any axle or wheel hub has been removed, but would prohibit a registered owner or occupant of a mobilehome from removing the axles or wheel hubs from a mobilehome without written authorization from the legal owner. The bill would delete the prohibition against permanently attaching a mobilehome with underpinning or foundation to the ground when the mobilehome is located outside of a mobilehome park and, instead, prohibit occupancy of a mobilehome manufactured on or after June 15, 1976, which is permanently affixed to a foundation system which violates specified statutory provisions and regulations of the Commission of Housing and Community Development. It would also prohibit the enforcement agency from issuing a building permit to permanently affix a mobilehome to a foundation system unless written consent is provided by the legal owner, as specified. The bill would require the commission to adopt regulations for all installations of mobilehomes, including installations permanently affixing mobilehomes to foundation systems.

(2) Current law prohibits occupancy of any mobilehome which does not conform to the registration requirements of the Vehicle Code.

This bill would require the Department of Motor Vehicles to adopt regulations providing for the cancellation of registration of a mobilehome which is permanently affixed to a foundation system, as specified.

This bill would also prohibit occupancy of any mobilehome which does not have the space directly beneath it kept clean, as specified.

(3) Under existing provisions of the California Factory-Built Housing Law, the Commission of Housing and Community Development is required to adopt regulations for factory-built housing which imposes requirements reasonably consistent with specified uniform codes. Factory-built housing is defined by existing law to exclude mobilehomes.

This bill would specify that the construction and safety standards of a mobile home, as defined by federal law, manufactured in compliance with the federal mobile home construction and safety standards adopted pursuant to the National Mobile Home Construction and Safety Standards Act of 1974 would be deemed equivalent to the California Factory-Built Housing Law.

(4) The above provisions of the bill would become operative July 1, 1979.

ASSEMBLY BILLS (Contd.)

No. 2014 - Amended August 10, 1978

An act to add Section 110.65 to the Revenue and Taxation Code, relating to taxation.

Existing provisions of the California Constitution limit property taxes on real property to 1% of the full cash value of such property, which is defined as the valuation of such property as shown on the 1975-76 tax bill, and authorizes reassessment of such property when a change of ownership of such property has occurred.

The Legislature has defined a change of ownership to include certain leases.

This bill would specify that any change in ownership of stock in a corporation which is a lessor of real estate during the term of such lease, shall not be deemed a change in ownership of the real estate for such purposes.

No. 2352 - Amended August 15, 1978

An act to amend Sections 129 and 215.5 of the Revenue and Taxation Code, relating to taxation.

Under existing law, business inventories qualify for an exemption from property taxation, as specified by the Legislature, pursuant to provisions of the California Constitution which authorize the Legislature to classify or exempt personal property for taxation purposes.

This bill would define business inventories to include goods held by a licensed contractor and not yet incorporated into real property.

Under existing law personal property owned or leased by a noncommercial educational television or FM radio broadcast station is exempt from property taxation.

This bill would exempt the personal property owned or leased by a noncommercial educational AM radio broadcast station from property taxation.

No. 2663 - Amended August 14, 1978

An act to amend Sections 408 and 13402, to amend the heading of Chapter 7 (commencing with Section 14051) of Part 8 of Division 2 of, to add an article heading immediately to precede Section 14051 of, to add Article 2 (commencing with Section 14071) to Chapter 7 of Part 8 of Division 2 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law requires a county assessor to disclose information, furnish abstracts or permit access to all records in his office to specified land and state officers and agents.

This bill would require that a county assessor also disclose information, furnish abstracts or permit access to such records to inheritance tax referees.

Under existing Inheritance and Gift Tax Law, as revised by the Tax Reform Act of 1977, gifts made by a decedent are taken into consideration for the purpose of fixing inheritance taxes.

This bill provides that only those gifts shall be considered which were made after December 31, 1976 in the computation of inheritance taxes and shall authorize an inheritance tax credit equal to the gift tax paid on any gift made prior to December 31, 1976, which is included in the computation of inheritance taxes, with certain limitations.

ASSEMBLY BILLS (Contd.)

No. 2663 - (Contd.)

This bill would also provide that there shall be no reimbursement of local agencies for costs incurred by them pursuant to this act for specified reasons.

The bill would take effect immediately as an urgency statute.

No. 2754 - Amended August 16, 1978

An act to add Section 18056.4 to the Health and Safety Code, relating to vehicles.

A camper is defined, generally, as a structure providing facilities for human habitation, designed to be mounted upon a motor vehicle. A camper is not required to be registered or identified.

This bill would require the Department of Housing and Community Development to develop, after consulting with industry representatives, an identification numbering system to insure a unique number for each truck camper. Prior to May 1, 1979, manufacturers of truck campers, as specified, would be required to apply to the department for assignment of truck camper identification numbers.

This bill would make it unlawful to manufacture a camper after July 1, 1979, unless the manufacturer's serial or identification number, as specified, is legibly stamped onto, or permanently affixed to, the interior and exterior of the camper.

In addition, the sale by a retailer of a new camper without a manufacturer's serial or identification number would be prohibited on or after January 1, 1980.

There would be no violation pursuant to such provisions until the Director of Motor Vehicles approves a numbering system, as specified, which would ensure that each camper receives a unique number.

The bill would provide that, notwithstanding Section 2231 of the Revenue and Taxation Code, there shall be no reimbursement pursuant to that section for a specified reason.

No. 2810 - Amended August 11, 1978

An act to add Chapter 3.2 (commencing with Section 50670) to Division 1 of Title 5 of the Government Code, relating to business improvement districts.

Nothing in present law authorizes counties and cities to finance public improvements necessary to enable the location of businesses by means of an allocation of tax revenues similar to the so-called "tax-increment" method of financing redevelopment, or to pledge sales or use tax revenues to finance such improvements.

This bill would authorize counties and cities, with the consent of affected taxing agencies, to establish business improvement districts for financing prescribed public improvements and to issue bonds payable from a prescribed portion of the tax revenues produced by real property within the district.

The bill would also authorize counties and cities to pledge their share of sales and use tax revenues produced by industrial and commercial enterprises within the business improvement district to secure the bonds.

ASSEMBLY BILLS (Contd.)

No. 2810 - (Contd.)

The term of the bonds would be limited to 5 years, but the tax allocation could be extended for 2 years more if necessary to pay principal and interest thereof.

The bill would not be operative unless Assembly Constitutional Amendment No. 78 is enacted and approved by the voters.

No. 2848 - Amended August 14, 1978

An act to add Section 1941.3 to the Civil Code, relating to landlord and tenant.

Existing law requires the maintenance of habitable dwellings by landlords.

This bill would require landlords of both residential and commercial real property governed by fixed term leases or month-to-month tenancies to rebate property tax savings realized by them as a result of the adoption of Proposition 13 on the June 6, 1978, statewide election ballot in the form of repairs or improvements to substandard premises, as specified.

No. 2871 - Amended August 14, 1978

An act to amend Section 205.5 of the Revenue and Taxation Code, relating to taxation.

Existing law exempts a portion of the residence of a veteran from taxation if the veteran, because of injury incurred in military service, is blind in both eyes, has lost the use of two or more limbs, or is totally disabled and extends the exemption to unmarried surviving spouses of such veterans.

This bill would make that exemption also applicable to veterans who are disabled because of disease incurred in military service.

The bill would also require the Controller to report the amount of claims of local agencies for state reimbursement of property tax revenues lost as a result of this enactment and would provide that no reimbursement shall be made to local agencies pursuant to Section 2231 of the Revenue and Taxation Code for a specified reason.

This bill would incorporate additional changes in Section 205.5 of the Revenue and Taxation Code proposed by Assembly Bill No. 955 and Senate Bill No. 1656 to be effective only if Assembly Bill No. 955 or Senate Bill No. 1656 and this bill are chaptered and become effective on or before January 1, 1979, and this bill is chaptered last.

No. 2955 - August 14, 1978

An act to amend Sections 41760.5, 42238, and 84730.5 of the Education Code, to amend Sections 434.5, 38202, 27423 and 51117 of the Government Code, and to amend Sections 38303, 38904, and 38905, and 38906 of the Revenue and Taxation Code, relating to timber taxation, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Existing law provides for the special assessment of timberlands for purposes of property taxation and imposes a yield tax on timber.

This bill would revise the method and procedures for the assessment of timberlands, would prescribe community college districts and school districts

ASSEMBLY BILLS (Contd.)

No. 2955 - (Contd.)

apportionments respecting timber yield taxes and would permit specified allocations from the State Timber Reserve Fund.

The bill would take effect immediately as an urgency statute.

No. 3669 - Amended August 14, 1978

An act to amend Section 5141 of, and to add Sections 538 and 5152 to, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law requires local property tax assessors to assess taxable property pursuant to constitutional and statutory law.

This bill would require an assessor who believes a constitutional provision or statute to be invalid, and as a result thereof, concludes that property should be assessed in a manner contrary to such provision, or the assessor proposes to adopt an interpretation of such provision that would result in a denial of a property tax exemption to at least 5 assessees in that county, to notify the State Board of Equalization, which would then be required to initiate a court action to compel the assessor to comply with the disputed provision.

This bill would take effect immediately as an urgency statute.

No. 3774 - Amended August 15, 1978

An act to amend Section 7.1 of the Ventura County Flood Control Act (Chapter 44 of the Statutes of 1944, Second Extraordinary Session), relating to water control, and declaring the urgency thereof, to take effect immediately.

Under existing law the Ventura County Flood Control District is empowered to collect fees in any zone as a condition of development of land, but the amount prescribed in any zone, other than a special zone, may not exceed $400 for each acre of land to be developed.

This bill would increase such limit to $1,200 for each acre of land to be developed.

The bill would take effect immediately as an urgency statute.

SENATE BILLS

No. 295 - Amend Section 1260 of the Education Code, and to add Section 26914 to the Government Code, relating to county educational agencies.

Proposition 13 on the ballot for the Primary Election held on June 6, 1978 added Article XIII A to the Constitution to place various limitations on the taxing power of state and local governments. Chapter 292 and Chapter 332 of the Statutes of 1978 were enacted as urgency legislation to implement such proposition and, among other things, this legislation revised the method of financing the public school system.

This bill would make various changes in the provisions of these chapters relating to the distribution of state funds to the county offices of education and to the apportionment of specified property tax revenues during fiscal year 1978-79 as between the county and the county superintendent of schools where the latter became fiscally independent on or after June 30, 1977.

SENATE BILLS (Contd.)

No. 295 - (Contd.)

Under existing law, the county superintendent of schools is authorized to subscribe for membership in any society, association, or organization which has for its primary purpose the promotion and advancement of education.

This bill would authorize such subscription in an entity which has such a purpose, whether it is a primary purpose or not.

No. 1490 - Amended August 15, 1978

An act to amend Sections 2206.5, 2231, 2236, 2241, 2246, 2250, 2253, 2253.2, 2253.5, 2253.8, and 2255 of, to add Sections 2238, and 2255.1 to, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Existing law specifies various procedures relating to claims that may be made to the State Controller for reimbursement to a local entity for costs mandated by the state.

This bill would revise such procedures and would take effect immediately as an urgency statute.

No. 1752 - Amended August 16, 1978

An act to amend Sections 469, 533, 534, 1605, 4831, 4986, 5096, and 5097 of the Revenue and Taxation Code, relating to taxation.

Under existing law, if property subject to property taxation has not been assessed or has been undervalued for assessment purposes, such property is subject to an escape assessment, subjecting it to taxation.

This bill would require the review, equalization and adjustment of the assessment of all property on the business premises where property is subjected to an escape assessment, unless such property has been equalized, and would provide for the refund of any overpayment of taxes which have been determined in such review to have been incorrectly assessed.

This bill would provide that there shall be no appropriation in this bill to reimburse local agencies for costs incurred by them in the initial fiscal year pursuant to this act, for a specified reason.

No. 1822 - Amended August 16, 1978

An act to amend Section 5151 of the Revenue and Taxation Code, relating to taxation.

Under existing Property Tax Law, interest at the rate of 6% per year is paid on property taxes which are refunded to the taxpayer under specified conditions.

This bill would provide that interest at the rate of 6% per year is required to be paid on property taxes refunded as a consequence of an assessor's clerical error.

This bill would provide that notwithstanding Sections 2231 and 2234 of the Revenue and Taxation Code, there shall be no reimbursement nor appropriation made by this bill for a specified reason nor shall there be any claims made by local agencies to the State Board of Control for costs incurred pursuant to this bill.

SENATE BILLS (Contd.)

No. 2223 - Amended August 21, 1978

An act to add Sections 41206.5 and 84206.5 to the Education Code, to amend Sections 15616, 16115, 16250, 16260, 16271, 16275, 16494.7, 16495, 16495.5, 26912, 26912.1 and 26913 of, to add Sections 16271.5, 16272.8, 16279.1, 16279.2, 16279.3, 16279.4 and 16279.5 to, the Government Code, to add Chapter 9 (commencing with Section 33800) to Part 1 of Division 24 of the Health and Safety Code, to amend Sections 110.1 and 1610.8 of, to add Sections 1819.5 and 2134.5 to, the Revenue and Taxation Code, to amend Sections 35 and 36 of Chapter 292 of the Statutes of 1978, to amend Sections 6.5 and 20 of, and to repeal Section 35.5 of, Chapter 332 of the Statutes of 1978, relating to funding of local agencies, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

Under existing law, cities, counties, and special districts fund all or a portion of the services which they provide from revenue received from taxation of real property.

Moreover, Proposition 13 on the ballot for the Direct Primary Election held on Tuesday, June 6, 1978, added Article XIII A to the Constitution to place various limitations on the taxing power of state and local governments. Senate Bill No. 154 and Senate Bill No. 2212 were enacted as Chapters 292 and 332 of the Statutes of 1978 to implement such proposition and, among other things, such bills provided for a distribution of state funds to local agencies.

This bill would make technical and other changes to Chapters 292 and 332 of the Statutes of 1978, would revise the funding for high property tax dependent special districts and public safety districts, as defined, and would transfer $125,000,000 from the Local Agency Emergency Loan Fund to the Special Districts Supplemental Fund, which the bill creates.

The bill would also authorize and provide for the establishment of special assessment areas within redevelopment project areas and for the levy of special assessments on property within such areas to provide supplemental revenues to pay for indebtedness incurred by redevelopment agencies prior to July 1, 1978.

The bill would allocate an amount not to exceed $200,000 from the Special Districts Supplemental Fund to the Controller for allocation and disbursement to local agencies for costs incurred by them pursuant to this bill.

The bill would take effect immediately as an urgency statute.

No. 2224 - Amended August 17, 1978

An act relating to property tax reduction pass-on, and declaring the urgency thereof, to take effect immediately.

Existing law does not require owners of property to pass on property tax reductions applicable to such property to any renters or lessees of such property nor does it authorize renters or lessees to withhold a portion of their rent for such purpose.

This bill would authorize renters to withhold 50% of their rent payments for the month of December 1978, with respect to their principal place of residence, and would specify that the owners of such property, or their representative or agent shall notify each renter of residential property

SENATE BILLS (Contd.)

No. 2224 - (Contd.)

of such authorization, unless such renter has received written notice of the owner's intent to pay to such renter at least 80% of the net property tax savings attributable to such renter's unit, as defined, and such payment is made in December 1978.

This bill would be repealed on December 1, 1978, if, prior to such date, Proposition 13 on the ballot for the statewide election on June 6, 1978 is determined to be invalid pursuant to a final decision of a court.

This bill would take effect immediately as an urgency statute.

No. 2248 - August 8, 1978

An act to amend Section 2237 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

Under existing law, a local agency, excepting a county, is precluded from levying an ad valorem property tax, with specified exceptions.

This bill would permit a local agency, school district, county superintendent of schools, or community college district to levy an ad valorem property tax to make payments for interest and principal on general obligation and tax allocation bonds issued by a governmental agency prior to July 1, 1978.

The bill would take effect immediately as an urgency statute.

SENATE CONSTITUTIONAL AMENDMENTS

No. 38 - Amended August 16, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by amending Section 8 of Article XIII, Sections 1 and 2 of Article XIII A, by adding Section 26.5 to Article XIII, and by adding subdivisions (s) and (t) to Section 3 of Article XIII thereof, relating to taxation.

Existing provisions of the California Constitution exempt specified property from taxation and limit the maximum amount of ad valorem taxes on all real property, with specified exceptions, to 1% of the full cash value, and require the 1% tax to be collected by the counties and apportioned according to law to the districts within the counties.

This measure would eliminate the property tax on owner-occupied dwellings and would require the state to pay any ad valorem taxes or special assessments on such dwellings for interest, principal, and redemption charges on indebtedness approved by the voters prior to July 1, 1978.

The measure would limit the maximum ad valorem tax rate on all other property, with specified exceptions, to 85.5% of the total tax rate levied by each taxing jurisdiction in the 1977-78 fiscal year.

The measure would also exempt business inventories and implements of husbandry from property taxation.

Existing California constitutional law provides for valuation of open space lands on a basis consistent with its restrictions and uses.

This measure would provide that land which is enforceably restricted pursuant to the Williamson Act shall be assessed at no higher than 80% of its capitalization of income value and would make other specified adjustments with regard to enforceably restricted land.

SENATE CONSTITUTIONAL AMENDETS (Contd.)

No. 38 - (Contd.)

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

This measure would provide for a minimum credit of $300.

No. 66 - Amended August 11, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by amending Sections 1, 2, and 4 of, and to add Section 7 to, Article XIII A thereof, relating to tax limitations.

Existing provisions of the California Constitution limit the maximum amount of ad valorem taxes on all real property to 1% of the full cash value, as defined, and require the 1% tax to be collected by the counties and apportioned according to law to the districts within the counties. For such purposes, full cash value is defined as the county assessors' valuation of such property for the 1975-76 fiscal year, or when purchased, newly constructed, or a change of ownership has occurred after the 1975 assessment, increased thereafter not to exceed 2% per year.

This measure would apply such 1% limitation only to residential real property and would establish a limitation on nonresidential real property of 2% of the current fair market value of such property, would specify such tax shall be apportioned according to law to counties, cities and districts within the counties, and would measure such 1% limitation according to the fair market value of such property for the 1975-76 fiscal year, with certain adjustments thereafter.

The existing California Constitution specifies cities, counties and special districts may impose special taxes on such district by a 2/3 vote of the qualified electors of such district.

This measure would specify that such taxes may be imposed by such entities pursuant to a 2/3 vote of those voting on the issue at any election.

This measure would provide that the amendment to Article XIII A, approved by the voters on November 7, 1978, shall become effective upon the passage of such amendment.

No. 67 - Amended August 17, 1978

A resolution to propose to the people of the State of California an amendment to the Constitution of the state, by amending Section 2 of Article XIII A thereof, relating to taxation.

Existing constitutional law, as revised by the addition of Article XIII A to the California Constitution, limits ad valorem taxes on real property to 1% of the full cash value of such property, as defined.

This measure would revise the definition of full cash value as it relates to real property reconstructed after a disaster and would make various clarifying changes in such definition.

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

VW:sk
Enclosures