California State Board of Equalization,
Legislative and Research Division

LEGISLATIVE BULLETIN

State Capitol Building (from the East) c.1945
Photo courtesy of California State Archives

PROPERTY TAX LEGISLATION 2016

PROPERTY TAX LEGISLATION
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Assembly Bill 1559 (Dodd) Chapter 257

Tax Filing Deadline Extension: Disasters

Effective immediately. Among its provisions, adds Section 38405 to the Revenue and Taxation Code.

Summary: Authorizes the State Board of Equalization (BOE) to extend for up to three months the time for a tax or fee payer to file a tax return or report, or to pay the tax, in the case of a disaster.

Sponsor: Board of Equalization

Purpose: This BOE-sponsored bill is intended to provide business owners in disaster areas more time to file returns and pay tax obligations to the BOE.

Fiscal Impact Summary: Minor, penalty-related revenue loss.

Former Law*:* **Sales and Use Tax Law.** Under existing Sales and Use Tax Law,[1] taxpayers must file sales and use tax returns on or before the last day of the month following the end of the reporting period. Persons who are late paying a tax, fee, or surcharge must pay a 10% penalty, plus interest on the unpaid tax from the tax due date to the date of payment.[2] One month's interest is due for each month or fraction of a month that the payment is late. Similar statutes cover the Motor Vehicle Fuel Tax, Use Fuel Tax, Cigarette and Tobacco Products Tax, Alcoholic Beverage Tax, Timber Yield Tax, Energy Resources Surcharge, Emergency Telephone Users Surcharge, Hazardous Substance Tax, Integrated Waste Management Fee, Oil Spill Response, Prevention, and Administration Fees, Underground Storage Tank Fee, Fee Collections Procedures, and Diesel Fuel Tax Laws.[3]

Existing RTC Section 6459 allows the BOE for good cause to extend up to one month the time for making any return or paying the tax due. The extension may be granted at any time provided the request is filed with the BOE within or prior to the period for granting the extension. An extension provides the taxpayer additional time to make a return and pay the tax, and relieves the person for any late payment penalty. However, the law continues to impose interest from the due date until the payment date, except in the case of a disaster.[4]

If the BOE finds that a person's failure to make a timely return or payment was due to a disaster, and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect, a taxpayer will be relieved of interest. Regulation 1703, *Interest and Penalties*, defines "disaster" to mean fire, flood, storm, tidal wave, earthquake, or a similar public calamity, whether or not it results from natural causes. Taxpayers seeking interest relief must file a statement with the BOE under penalty of perjury stating the facts supporting their claim for relief.

Likewise, a taxpayer, including a disaster-affected taxpayer, may seek penalty relief.[5] Specified penalties are relieved if the BOE finds that a person's failure to make a timely return or payment is due to reasonable cause and circumstances beyond the person's control, and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect. A taxpayer seeking relief under this provision must also file a statement under penalty of perjury supporting the claim for relief.

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[1] Revenue and Taxation Code (RTC) Section 6451.
[2] RTC Section 6591.
[3] RTC Sections 7656, 8754, 30185, 32253, 38405, 40065, 41054, 43154, 45152, 46153, 50111, 55041, and 60208, respectively.
[4] RTC Section 6593.
[5] RTC Section 6592.

Amended Law: This bill allows the BOE, in the case of a disaster, to extend the time for making any return or paying BOE-administered taxes and fees for a period not to exceed three months. The extension may be granted at any time provided a request for relief is filed with the BOE within or before the period at issue.

"Disaster" is defined to mean fire, flood, storm, tidal wave, earthquake, or similar public calamity, whether or not resulting from natural causes.

This bill becomes operative immediately upon enactment.

In General: Disasters and emergencies vary from year to year and can differ dramatically with regard to type, geographic size, infrastructure, impact costs, and duration. As discussed above, the BOE considers a disaster for interest relief purposes to include fire, flood, storm, tidal wave, earthquake, or similar public calamity, whether or not resulting from natural causes. A disaster includes, but does not require, a Governor declared state of emergency.

Government Code (GC) Section 8625 authorizes the Governor to proclaim a state of emergency under specified circumstances. GC Section 8558 establishes three conditions under which the Governor may proclaim a state of emergency:

- "State of war emergency" means the condition which exists immediately, with or without a proclamation thereof by the Governor, whenever this state or nation is attacked by an enemy of the United States, or upon receipt by the state of a warning from the federal government indicating that such an enemy attack is probable or imminent.
- "State of emergency" means the duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the state.
- "Local emergency" means the duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the territorial limits of a county, city and county, or city.

Generally, major disasters such as earthquake, firestorms, storm damage, or flooding satisfy the second condition described as a "state of emergency."

Since March 2013, Governor Brown has declared 24 states of emergency for fire, rainstorm, oil spill, earthquake, drought, and terrorist attack-related disasters. In 2015 alone, Governor Brown declared 7 states of emergency impacting 25 different counties.

Commentary:

1. **Summary of Amendments.** The **August 08, 2016 amendments** (1) revised the filing and payment deadline extension provisions from "natural disaster" to "disaster," (2) added a definition of "disaster,"(3) added an urgency clause, and (4) added co-authors. The **June 21, 2016 amendments** limited the return filing deadline to natural disasters and deleted the urgency clause. **The April 13, 2016 amendments** extended the return filing deadline due to a disaster provisions to both natural and economic disasters.

2. **Peace of mind.** Currently, sales and use taxpayers affected by a disaster have two avenues to avoid penalty: one-month extension (RTC Section 6459) and excusable delay relief (RTC Section 6592). This bill revises the one-month extension to three months in the case of a disaster, thereby providing disaster-affected taxpayers an additional two months to file their return and pay the tax.

   Although a taxpayer currently may request penalty relief for periods exceeding one month, they must file their return and pay the tax due before making that request. If a taxpayer does not file their return or pay the tax by the due date (varies by tax program), the BOE may commence delinquency-related action. This may include sending late notices, beginning collection action, or revoking permits during that period, adding more stress to an already stressful situation. This bill provides a disaster-affected taxpayer peace of mind and the ability to avoid any BOE delinquency-related action by allowing the taxpayer to file the extension within or prior to the period for which the extension may be granted.

3. **Business tax disaster relief.** BOE Regulation 1703 considers a disaster to include fire, flood, storm, tidal wave, earthquake, or similar public calamity, whether or not resulting from natural causes. The definition applies to interest relief purposes in the case of a disaster. This bill makes consistent the "disaster" definition for both interest relief and tax return and payment extension purposes. A uniform definition makes disaster relief equitable for both interest and extensions, and eliminates taxpayer frustration and confusion.

4. **Disaster victims generally require more time.** This bill grants additional time to those who have less presence of mind, resources, and necessary documentation under the circumstances to timely file their return and pay the tax.

5. **Tax and interest still due.** This bill does not automatically relieve a taxpayer of accrued interest, only a potential 10% late filing penalty. However, existing law already provides a taxpayer relief of interest if the BOE finds that a person's failure to make a timely return or payment was due to a disaster, and occurred notwithstanding the exercise of ordinary care and the absence of willful neglect. A person seeking interest relief must file a claim with the BOE.

Assembly Bill 2168 (Williams) Chapter 805

Public Utilities Commission: Reports to BOE

Effective January 1, 2017. Amends Section 314.5 of the Public Utilities Code.

Summary: Deletes the requirement that the Public Utilities Commission (PUC) provide the BOE with their public utilities' audit reports.

Sponsor: Author

Purpose: To fulfill the State Auditor's recommendation[6] to delete the requirement.

Former Law: The California Constitution[7] requires the BOE to annually assess property owned or used by telegraph or telephone companies and companies transmitting or selling gas or electricity. It also empowers the Legislature to authorize BOE assessment of property owned or used by other public utilities.

Existing law[8] requires the PUC to inspect and audit the books and records of public utilities for regulatory and tax purposes. The audit must be performed every three years for every electrical, gas, heat, telegraph, telephone, and water corporation serving over 1,000 customers. The schedule is every five years for public utilities with less than 1,000 customers. The law specifies audits that are conducted in connection with rate proceedings fulfill the audit requirement.

The law requires the PUC to furnish these audit reports to the BOE for use in the assessment of those public utilities.

Amended Law: This bill, in part, deletes the requirement that the PUC furnish their audit reports to the BOE and instead requires the PUC to post the report on its website.

The amendment is operative January 1, 2017.

Background: In 2013, the State Auditor reviewed various PUC responsibilities. The State Auditor also looked at the PUC's role in auditing utilities and reporting that information. The State Auditor discovered that the PUC has not been providing its audit reports to the BOE as required by statute. The PUC had discontinued providing the reports to the BOE shortly after the law became effective in 1975, because BOE notified the commission that the reports were not useful to the BOE for its tax assessment purposes. Therefore, among the State Auditor's conclusions was the recommendation that the information sharing provision be struck from law.

In 2015, AB 825 (Rendon and Stone) deleted the requirement that the BOE be provided the PUC's auditing reports and instead required these reports to be posted on the PUC's website. AB 825 included a number of other provisions and the Governor vetoed the bill for reasons unrelated to the report requirement.

[6] California State Auditor Report 2013-109 (March 2014). At page 32: "The Legislature should amend California Public Utilities Code, Section 314.5, to remove the requirement that the commission provide audit reports to Equalization."
[7] Section 19 of Article XIII.
[8] Public Utilities Code (PUC) Section 314.5.

Commentary:

1. **The PUC reports did not assist the BOE with its assessment duties and are not needed.** Some 30 years ago, the BOE informed the PUC that it was unnecessary to share the reports, since the information was not useful for property tax assessment purposes. As a result, the PUC stopped providing the reports. The PUC's reports lacked information the BOE could use to assess public utilities on an annual basis or to audit public utilities. This bill amends the statute so that the PUC will no longer be out of compliance with the law.
2. **The BOE has existing authority to obtain the information it needs to make annual assessments and audit public utilities.** The BOE has existing processes to obtain the specific information it needs for property tax assessment purposes. Furthermore, the BOE assessment of public utilities also covers entities that the PUC may not regulate.
3. **Related Legislation.** AB 2570 (Quirk) as introduced on February 19, 2016, also proposed deleting the requirement that PUC provide the BOE with these reports but did not require the PUC to post the reports on its website. On June 1, 2016, the bill was rewritten to deal with a completely different subject matter.

Assembly Bill 2450 (Achadjian) Chapter 300
Enforceable Restrictions
Government Property Acquisitions

Effective January 1, 2017. Amends Section 5091 of, and adds Section 402.2 to, the Revenue and Taxation Code.

Summary: Requires contracts with governmental agencies that restrict property use for affordable owner-occupied housing to be recorded and requires public agencies to notify the county assessor when it intends to acquire taxable property.

Sponsor: California Assessors' Association (CAA)

Purpose: To provide better information to the county assessor (1) regarding affordable housing use restrictions and (2) when taxable property being acquired by a public agency will subsequently become tax exempt.

Former Law: Enforceable Restrictions. When determining a property's fair market value, property tax law requires the assessor to consider the effect of legally enforceable restrictions on a property's use, such as zoning or environmental constraints.[9] Similarly, when determining land value, the law[10] requires the assessor to consider the effect of certain government-imposed restrictions on land use, certain nonprofit organization-imposed affordable housing restrictions, and certain easements granted to nonprofit organizations to preserve and protect land in its natural state. This law[11] expressly requires assessors to consider certain *recorded* contracts with governmental agencies that restrict property use. These land use restrictions can negatively impact property value.

Government Property Acquisitions. Most government-owned property is exempt from the property tax. The law[12] details the process for tax cancellation on newly acquired government-owned property. The law requires public entities to provide both the county assessor and county auditor with a copy of the instrument evidencing the public entity's property acquisition and request that the auditor cancel the taxes, as specified.[13] However, prior to the actual acquisition, the law also requires a public entity *proposing* to acquire property that will become tax exempt to notify the county tax collector once funds to acquire the property are budgeted. The notice of intent must specify the extent of the proposed project and the estimated time to acquire all the properties needed for the project.

Amended Law: Affordable Owner-Occupied Homes. This bill requires contracts with government agencies restricting the use of property for owner-occupied housing available at affordable housing cost to be recorded.

This recording requirement is not to be construed to prevent the assessor from applying those laws[14] that require the assessor to consider specified enforceable restrictions when making value determinations.

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[9] Revenue and Taxation Code (RTC) Section 110(a).
[10] RTC Section 402.1.
[11] RTC Section 402.1(a)(2)
[12] Article 5 "Cancellation of Taxes on Exempt Property (RTC Sections 5081-5091). Article 5 was added by AB 135 (Stats.1979, Ch. 31) and primarily relates to eminent domain provisions.
[13] RTC Section 5082.1.
[14] RTC Sections 110(a) and 402.1.

Government Property Acquisitions. This bill requires the public agency to provide the county assessor with the required notice of intent to acquire.

Commentary:

1. **Effect of this bill.** This bill requires public agencies to provide county assessors with specified information that impacts property tax assessments and requires certain contracts to be recorded so that the assessor can obtain access to the contract documents.
   - **Contract Recording.** The CAA states that assessors need this information to properly assess property. Contracts that impose enforceable restrictions on property use might impact the value the assessor sets for tax purposes. The notification is important because homes purchased under an affordable housing program with use restrictions might allow for a reduced assessment. The contract recording requirement stems from homes purchased under an affordable housing program with restrictions that allow for reduced assessment of which the assessor had no knowledge.
   - **Government Property Acquisitions: Notification.** The CAA states that assessors need this information to properly assess property by tracking the proposed government acquisition of taxable property that may lead to its eventual exemption from property taxation.
2. **Summary of amendments.** The **August 2, 2016 amendments** deleted the affordable housing contract recording requirement from RTC Section 402.1 and instead added a new section of law (Section 402.2) with the same substantive effect. The new section explicitly states that contracts are to be recorded. A separate section removes the requirement from a list of assessor-related requirements. This is less confusing since Section 402.1 already requires assessors to consider contracts that are recorded with governmental agencies and certain non-profit organizations. The new language adds a cross reference to Section 110(a) which also requires assessors to consider enforceable restrictions when determining value. The **June 15, 2016 amendments** added the requirement that affordable owner-occupied use restrictions be recorded. As introduced, the bill proposed requiring all governmental agencies to provide the assessor with contracts that restrict property use, but those provisions were deleted by **April 12, 2016 amendments** due to opposition from the League of Cities. As revamped the contract must be recorded, but the recording duty could be delegated to other persons or entities and assessors could obtain access to recorded documents from the county recorder. The **April 12, 2016 amendments** addressed the assessor notification problem in terms of change in ownership reporting, rather than providing copies of recorded documents, given the League of Cities concerns. But this approach was also subsequently deleted by **April 25, 2016 amendments** since the BOE-prescribed COS already requests information about government-imposed enforceable restrictions for low-income housing. The BOE and CAA can modify the COS and related preliminary change in ownership report (PCOR) via the annual form revision and approval process. The modification authority allows expanding the existing question to include reference to nonprofit-imposed restrictions.
3. **The BOE-prescribed COS requests certain information about government-imposed enforceable restrictions for low-income housing.** The COS is one source of information about these restrictions. Often, however, the documents are prepared for the property owner, and the property owner signs the COS in the escrow process, which may lead to inaccuracies in the COS-provided information. The form, however, does not request information for all government-imposed restrictions, nor does it request information about nonprofit organization-imposed restrictions added to the law last year by AB 668 (Gomez).

Question N on both the COS (Section 480) and the PCOR (Sections 480.4 and 480.3) concerns purchases of low-income housing subject to government-imposed restrictions. The COS and PCOR ask the property buyer to check yes or no:

- N. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.

The instructions relating to the question read:

- Check YES only if property is subject to subsidized low-income housing requirements with governmentally imposed restrictions; property may qualify for a restricted valuation method (i.e., may result in lower taxes).

Assembly Bill 2818 (Chiu), Chapter 701
Community Land Trusts

Tax levy; effective September 27, 2016. Amends Section 402.1 of the Revenue and Taxation Code.

Summary: Allows assessors to consider Community Land Trust (CLT) imposed enforceable restrictions when setting the assessed values of homes sold to low and moderate income families with a 99-year ground lease and limited equity due to resale price restrictions.

Sponsor: California Community Land Trust Network

Purpose: To allow the home's property tax assessment to reflect the negative value impact of resale price restrictions, as well as promote statewide assessment uniformity and property tax certainty associated with a CLT-home purchase.

Former Law: **Community Land Trusts (CLTs).** Federal law, the Cranston-Gonzales National Affordable Housing Act (Act), allows CLTs to obtain organizational support, technical assistance, education, training, and community support from the government in fulfilling their housing mission.[15] The Act defines "CLT" to mean a community housing development organization not sponsored by a for-profit organization, with a specified board membership, that is established to carry out the following activities:

1. Acquire parcels of land, held in perpetuity, primarily for conveyance under long-term ground leases;
2. Transfer ownership of any structural improvements located on the leased parcels to the lessees; and
3. Retain a preemptive option to purchase any structural improvement at a price determined by formula designed to ensure that the improvement remains affordable to low and moderate income families in perpetuity.

Nonprofit-imposed restrictions. When determining a property's fair market value, California property tax law requires the assessor to consider the effect of property use restrictions, such as zoning or development limitations, that are legally enforceable and imposed by government.[16] Similarly, when determining land value, the law requires the assessor to consider the effect of *government-imposed* restrictions on land use.[17]

In the case of a *nonprofit organization-imposed* use restriction, such as a CLT-imposed resale price restriction, generally the law prohibits the assessor from considering its negative value impact.[18] However, the law allows three exceptions:

[15] 42 U.S.C. 12773
[16] Revenue and Taxation Code (RTC) Section 110(a) *and Carlson v. Assessment Appeals Board No. 1* (1985) 167 Cal.App.3d 1004: "Enforceable restrictions," defined in RTC Section 402.1, include only governmentally imposed land restrictions.
[17] RTC Section 402.1(a)
[18] *Carlson v. Assessment Appeals Board No. 1* (1985) 167 Cal.App.3d 1004: In determining the fair market value of property, an assessor is only required to consider governmentally imposed land restrictions. The legislative purpose of this section is to allow an assessor to consider restrictions necessary to implement the public policy of encouraging and maintaining effective land use planning. Thus, the assessor properly refused to consider deed restrictions placed on a parcel of land when determining the value of the property where such restrictions were for the benefit of the seller, involved no public policy regarding land use planning, and in no way benefited the public.

- Homes on land with a 30-year use restriction as owner-occupied housing available at affordable cost that are sold at cost to low-income families by qualifying nonprofit organizations[19] with no-interest financing when part of the mortgage is forgivable (i.e., "silent seconds").[20]
- Land easements granted to nonprofit organizations to preserve and protect land in its natural state.[21]
- Greenway easements granted to nonprofit organizations to create paths along urban waterways.[22]

No law directly addresses the assessment of a home sold by CLTs with a 99-year ground lease and a formula-based resale price restriction to maintain affordability to the original buyer or any future income-qualified buyer of the home.

Purchase price presumption. Existing law requires the assessor to reassess property from its prior Proposition 13-protected "base year value" to its fair market value when sold (i,e., a "change in ownership"). The law provides a rebuttable presumption that the purchase price paid in the transaction is the property's “fair market value” if the sale was an open market transaction, as specified.[23]

Long term leases. Existing law provides that the creation of a lease for a term of 35 years or longer triggers a change in ownership of the property subject to the lease.[24] This requires the assessor to reset the property's base year value.

Amended Law: This bill requires the assessor to consider CLT-imposed restrictions that negatively impact property value when determining the assessed value of homes that have a ground lease and limited equity due to resale price restrictions that are sold to low and moderate income buyers. To qualify, the following conditions are necessary:

- **CLT with permanent affordable housing mission.** The CLT must be an Internal Revenue Code (IRC) 501(c)(3) nonprofit corporation that has as its primary purposes the creation and maintenance of permanently affordable single-family or multifamily residences. This includes both rentals and for-sale homes.[25]
- **Low and moderate income occupancy.**
  - **For-sale homes.** The initial sale and future resales must be to persons and families of low or moderate income. Additionally, the home must serve as the buyer’s primary residence.[26]
  - **CLT-owned rentals.** The units must be rented to persons and families of low or moderate income.[27]

[19] RTC Section 214.15 – Added in 1999, by AB 1559, this law extends the welfare exemption to the following property owned by nonprofit organizations that sell homes to low income persons at cost with zero percent financing: (1) vacant land held for future construction and (2) homes under construction. No other property being developed as homes for sale to low income persons qualifies for a property tax exemption under the welfare exemption. The welfare exemption applies only to low income rental housing. Moderate income rental housing qualifies for the welfare exemption only if the housing is for seniors and the disabled and includes supportive services based on their special needs.
[20] RTC Section 402.1(a)(10) – Added in 2015. Health and Safety Code (HSC) Section 50052.5 defines "affordable housing cost."
[21] RTC Section 402.1(a)(8)(A) – Added in 1993, but the law since 1984 via Civil Code Section 815.10.
[22] RTC Section 402.1(a)(8)(B) – Added in 2015.
[23] RTC Section 110(b).
[24] RTC Section 61(c).
[25] RTC Section 402.1(a)(11)(B)(ii).
[26] RTC Sections 402.1(a)(11)(A)(ii) & (iii) and 402.1(a)(11)(B)(ii)(II).
[27] RTC Section 402.1(a)(11)(B)(ii)(II).

- **Income Household Definition.** The term "lower and moderate income households" is defined by cross-reference to HSC Section 50093.[28] This law requires California's Housing and Community Development (HCD) to annually publish these income limits based on federal Housing and Urban Development (HUD) data.
  - **Lower Income.** Section 50093 generally provides that lower income households are those households with incomes at 80% of the Area Median Income (AMI) adjusted for family size and geographic areas of the state.
  - **Moderate Income.** Moderate income households are households with incomes at 120% of AMI under this law.
- **Ground lease.** In the case of home sales, the CLT leases the land on which the home is situated to the buyer for a 99-year term that is renewable.[29]
- **Resale formula.** The sale or resale price of the dwelling or unit is determined by a formula that ensures the dwelling or unit has a purchase price that is affordable to qualified owners.[30]
- **CLT purchase option.** The CLT has the right to repurchase the dwelling or unit to preserve the dwelling or unit as affordable to qualified owners.[31]
- **Limited equity housing cooperative.** The dwelling can also be owned in this form of a "Co-op" as defined in Civil Code Section 817.[32]
- **Recorded contract.** The contract must be recorded and provided to the assessor.[33]
- **Finding of public interest.** A specified public official must issue a finding that the contract's affordability restrictions serve the public interest to create and preserve affordable housing for low and moderate income persons and families. This person must be (1) the local housing authority director, (2) the county or city housing department director, or (3) the county counsel or city attorney.[34]

In General: Fair Market Value of Enforceably Restricted Property. Existing law requires the assessor to reassess property to its fair market value when sold (i.e., "change in ownership"). The law provides that the property's "purchase price" is rebuttably presumed to be its "fair market value."[35] It also provides that "purchase price" means the total consideration provided by the purchaser or on the purchaser's behalf, valued in money, whether paid in money or otherwise.

- **Government-Imposed Restrictions.** After determining the purchase price paid, the law requires the assessor to consider the effect of any *government*-imposed restrictions. Specifically, the assessor exercises his or her judgment under RTC Section 402.1 to determine whether the property's value is equal to, or more or less than, the purchase price as a result of enforceable restrictions.
- **Non-profit Imposed Restrictions.** In the case of non-profit-organization imposed restrictions, the law limits the assessor's ability to factor in the value impact of the restrictions. The law only allows the assessor to consider:

[28] The BOE issues an annual letter to assessors (LTA) listing these income limits.
[29] RTC Section 402.1(a)(11)(i).
[30] RTC Section 402.1(a)(11)(B)(i)(II).
[31] RTC Section 402.1(a)(11)(B)(i)(III).
[32] RTC Section 402.1(a)(11)(B)(iii).
[33] RTC Section 402.1(a)(11)(A)(iv).
[34] RTC Section 402.1(a)(11)(A)(iii).
[35] RTC Section 110(b).

1. Certain easements granted to nonprofit organizations to preserve and protect land or create urban greenways.[36]

2. Certain use restrictions placed on for-sale low-income housing when sold with a forgivable silent second mortgage.[37]

- **Other types of privately imposed restrictions.** The courts have held that the assessor may not consider any other privately imposed restriction that negatively impacts property value when determining fair market value for property tax purposes.[38] Thus, the assessor may not consider other use restrictions imposed by a nonprofit-corporation or any private party that negatively impact property value.

The BOE's Assessors' Handbook Section 501, Basic Appraisal, on page 50 reads:

> **Enforceable Contractual Land Use Restrictions.**
>
> Deed restrictions that restrict the uses of a property are not the same thing as governmentally-imposed restrictions discussed above. Deed restrictions are rights reserved by private persons as opposed to limitations imposed by government. In most cases, the property tax appraiser should not recognize deed restrictions when analyzing highest and best use. The rights to be assessed are the fee simple rights without encumbrances, subject only to the limitations imposed by government. A division of the fee simple rights would require a separate assessment on each portion, and the assessment of only one portion of the rights would result in the illegal exemption of the balance.[39]

Assessors' Handbook Section 502, Advanced Appraisal, expands on this issue related to the identification of the property rights. Page 6 states:

> All appraisals involve the valuation of a set of defined property rights. With few exceptions, an appraisal for California property tax purposes involves the valuation of the entire fee simple estate unencumbered by any private interests (e.g., leases, liens, easements, etc.).[40] As a general rule, private parties cannot reduce the taxable value of their property by imposing private encumbrances upon it; only enforceable government restrictions under section 402.1 are recognized as limiting the full fee simple interest. Thus, Rule 2(a) provides, in part:
>
>> When applied to real property, the words "full value," "full cash value," "cash value," "actual value," and "fair market value" mean the prices at which the unencumbered or unrestricted fee simple interest in the real property (subject to any legally enforceable governmental restrictions) would transfer for cash or its equivalent….
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>> ***
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>> In some cases, the appraisal to be made is a partial, or fractional interest in the full fee simple, and the property rights appraised are, therefore, less than the full bundle of

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[36] RTC 402.1(a)(8).
[37] RTC 402.1(a)(10).
[38] *Carlson v. Assessment Appeals Board I* (1985) 167 Cal.App. 3d 1004. See Letter to Assessors 85/111.
[39] *Carlson v. Assessment Appeals Board I* (1985) 167 Cal.App. 3d 1004. See Letter to Assessors 85/111..The BOE's Property Tax Law Guide Annotation of this court case reads: "In determining the fair market value of property, an assessor is only required to consider governmentally imposed land restrictions. The legislative purpose of this section is to allow an assessor to consider restrictions necessary to implement the public policy of encouraging and maintaining effective land use planning. Thus, the assessor properly refused to consider deed restrictions placed on a parcel of land when determining the value of the property where such restrictions were for the benefit of the seller, involved no public policy regarding land use planning, and in no way benefited the public."
[40] Encumbrance: "Any right to, or interest in, land that may subsist [i.e., exist] in another to diminution of its value, but consistent with the passing of the fee. A claim, lien, charge, or liability attached to and binding real property; e.g., a mortgage; judgement lien; mechanic's lien; lease; security interest; easement or right of way; accrued and unpaid taxes." (Black's Law Dictionary, 5th edition, s.v. "encumbrance.")

rights.[41] Taxable possessory interests; oil, gas, or mineral rights; air rights; transferable development rights; and—under certain conditions—water rights all represent cases where the property rights appraised are less than the full fee simple interest. Further, as discussed above, the rights associated with an easement may be valued and assessed separately under certain circumstances. This does not mean that a portion of the full taxable fee simple interest escapes taxation; the remaining rights are assessed to another owner.

Background: The National CLT network hosts a research page dedicated to CLT-model related tax issues. It states: "Creating an equitable taxation policy in conjunction with local government is a key task for CLTs and permanently affordable housing programs. What is a fair taxation rate given that CLT homeowners will never benefit from the full appraised value of their property? Below, we've included information on the theory behind equitable taxation as well as examples of how taxation policies have been implemented on the ground in a number of jurisdictions."

- Property Taxes and Community Land Trusts: A Middle Ground Alese Bagdol. (2013). *Texas Law Review.*
- Shared Equity Homeownership State Policy Review Ryan Sherriff. (Spring/Summer, 2010) *Journal of Affordable Housing & Community Development Law, Volume 19(3&4).*
- Taxation of Shared-equity Homes John Emmeus Davis. (Summer, 2007). *Shelterforce, Issue 150.*National Housing Institute.
- Valuation and Taxation of Resale-restricted, Owner-occupied Housing Carla J. Robinson. (2008). *Lincoln Institute of Land Policy Working paper WP08CR1.*Lincoln Institute of Land Policy.
- Valuation of Community Land Trust Homes in New York State David West. (2011) .*Journal of Property Tax Assessment & Administration, Volume 8(4).*

Additionally, the National CLT Network publishes The CLT Technical Manual (2011) Edited by Kirby White in which Chapter 17 "Property Tax Assessments" reviews the varied approaches used in the USA to assess resale-restricted homes.

Legislative History: "For-Sale" low income housing with silent second mortgages held by nonprofits. In 2015, AB 668 (Ch. 698, Stats. 2015, Gomez) amended RTC Section 402.1 to allow the assessor to consider the value impact of certain contracts income-qualified homebuyers enter into with specified nonprofit corporations that develop "for-sale" affordable housing. Similar to this bill, these contracts between the homebuyer and home seller were added to the list of enforceable restrictions that the assessor must consider when valuing land for assessment purposes.[42] The contracts include a "silent second" mortgage which the homebuyer agrees to include in the home sale purchase.

Habitat for Humanity sponsored AB 668 to address the issue that some assessors were setting the assessed value of homes it sold to low-income buyers by adding the face value of the silent second mortgage to the nominal sales price paid to determine the total consideration paid for the property.

AB 668 allowed assessors to determine the purchase price paid for these homes by adding (1) the down payment, (2) the first mortgage amount, and (3) the present economic value of the silent second mortgage, which when discounted, was a negligible sum since payments on the silent second mortgage were typically deferred by 30 or more years and in some cases, were forgiven. Prior to AB 668, two bills to require the assessor to disregard the silent second mortgage as part of the total consideration paid for the home had failed. In 2013, Habitat for Humanity had sponsored SB 499 (Wyland) and prior to that, in 2007, AB 793 (Strickland).

[41] The full taxable fee simple interest in the property is still assessed.

[42] For purposes of this analysis, "nonprofit corporation" and "nonprofit organization" have the same meaning.

Greenway easements granted to nonprofits. In 2015, AB 1251 (Ch. 639, Stats. 2015, Gomez, double jointed with AB 668 above) amended RTC Section 402.1 to require the assessor to consider the value impact on land subject to a recorded "greenway" easement, which the bill created by adding the Greenway Development and Sustainment Act to the Civil Code. That bill allows the assessor to reduce the assessment if the easement reduced property value.

Conservation easements granted to nonprofits. In 1993, AB 99 (Ch. 1002, Stats. 1993, Andal) amended RTC Section 402.1 to require the assessor to consider the value impact on land of a recorded conservation, trail, or scenic easement, as described in Civil Code Section 815.1. These easements must be granted to a public agency, or to a nonprofit corporation organized pursuant to IRC Section 501(c)(3). These nonprofit corporations must have as their primary purpose the preservation, protection, or enhancement of land in its natural, scenic, historical, agricultural, forested, or open space condition or use. The California Parks and Recreation Society, Inc. sponsored this provision to encourage private property owners to grant easements to public parks agencies trying to create continuous scenic trail systems accessible to the public. In 1993, Civil Code Section 815.10 already required that any conservation easements granted under Chapter 4 (commencing with Civil Code Section 815) be considered enforceable restrictions under RTC Section 402.1. Thus, while AB 99 was declaratory of existing law, it provided a useful cross reference to the Civil Code property tax provisions previously lacking.

Commentary:

1. **Recognizing "for sale" affordable housing restrictions.** This bill adds CLT-imposed restrictions included in recorded contracts to the list of items an assessor must consider when determining the value of land. This allows the assessor to disregard the sales prices of other homes sold in the area that are not similarly restricted when setting assessed values. With this bill, the assessor can consider the effect upon value of the resale price restriction when homes are sold by qualified CLTs with 99-year ground leases that limit the homebuyer's equity.

2. **Privately-imposed restrictions.** When determining value for property tax purposes, the assessor may not consider any *privately* imposed use restrictions that negatively impact value. But the assessor must consider the effect upon value of any government-imposed restriction or any recorded contract involving a government agency. As discussed previously, for nonprofit organization-imposed restrictions, the law provides three exceptions, one of which relates to housing for sale to low-income persons. The other two relate to easements entered into between a private land owner and a nonprofit organization for an open space, scenic, or trail easement.

3. **Inconsistent practices.** The California Community Land Trust Network (CA-CLT) reports that the method used to set assessed values varies by county. In some counties, assessed values were based on comparable sales of non-equity restricted homes. In others, the nominal sales price was used. And in still other counties, the assessed value was set between this value range.

4. **CLT's California Portfolio.** In California, the CLT 99-year ground lease with limited equity is a relatively new but growing concept. Currently, about 20 CLTs operate in California in at least 14 counties.[43] Residential units include 43 single family homes, 187 rental units, 102 Co-ops, and 18 condominium units. Non-residential properties include 3 urban gardens and 6 commercial properties. However, as to the future, the CA-CLT Network states over 1,600 CLT-provided homes either are under construction or in the planning stage.

[43] Counties with CLTs include: Alameda, El Dorado, Humboldt, Marin, Orange, Riverside, Sacramento, San Bernardino, San Diego, San Francisco, San Mateo, Santa Barbara, Santa Cruz, and Sonoma.

5. **Greater Property Tax Certainty.** Property tax certainty allows prospective homebuyers to more accurately budget the property tax obligations they will incur when determining the costs of owning a home.

6. **Existing law provides a purchase price presumption.** Whenever property changes ownership, which includes entering into a lease for a term of 35 years or longer, the law requires the property to be reassessed at its current market value as of the date of the sale. The law provides a rebuttable presumption that the purchase price paid in the transaction is the property's "fair market value." Related to establishing the base year value for these homes, this bill allows the assessor to consider the impact of the nonprofit imposed resale price restrictions when evaluating whether the purchase price paid for the home with a 99-year ground lease and limited equity indicates the home's market value. If so, the purchase price paid can be the basis of the home's base year value or whether some sort of adjustment to the nominal purchase price paid is appropriate.

7. **Assessment Approach.** Where enforceable restrictions that an assessor can legally recognize might impact the value set for property tax purposes, the BOE generally recommends the following assessment approach. First, the purchase price of the home must be determined by adding the sum of:

   - the down payment,
   - the face amount of the first mortgage
   - any other consideration paid for the home.

   The second step in the process, which is the subject of this bill, requires the assessor to consider the effect upon value, if any, of the recorded contract. Specifically, the assessor must exercise judgment under RTC Section 401.2(a)(11) to determine whether the value of the property is equal to, more than, or less than the purchase price due to the resale price restrictions imposed by the nonprofit that limit equity.

8. **Land on which privately owned homes are situated that is owned by an exempt organization or other owner generally are taxable.** For example, in the case of faculty and employee for-sale housing with ground leases, the California Supreme Court[44] held that the use of university owned land does not fulfill a public purpose contemplated under Article XIII Section 3 (d) for public school use. The Supreme Court held that granting a tax exemption to a faculty member's private long-term leasehold interest in these circumstances would clearly extend the exemption beyond its intended reach. (See LTA 92/38). Under the same rationale, the welfare exemption would not apply to CLT-owned land leased to a homeowner for their private use. Additionally, under California property tax law, a lease for 35 years or longer is a change in ownership of the land.

9. **Examples of similar housing situations with ground leases and affordability-related resale price restrictions.** The University of California has for-sale housing for faculty and employees on University owned land at the Berkeley, Davis, Irvine[45], Los Angeles, Santa Barbara, and Santa Cruz campuses. In most cases, the land is leased to the purchaser of the unit. Additionally, some California State University system schools offer faculty employee housing for sale on a ground lease basis, including Monterey Bay, Long Beach, Northridge, Fullerton, and Pomona. For government owned tax exempt property, the homebuyer is assessed a possessory interest for the ground lease in additional to an assessment for the home. Some private universities, such as Stanford, also have for-sale faculty housing with ground leases, which may or may not include resale price restrictions. The faculty housing at Stanford is not resale price restricted. A private university has no taxable

[44] *Connolly et al. v. County of Orange* (1992) 1 Cal. 4th 1105.

[45] Homes sold on UC Irvine property have 3-purchase options with different shared equity levels: 10%, 20%, and 30%.

possessory interest since the property is not government owned.

10. **Long term land lease.** This bill is a first step to allow the assessor to consider the restrictions imposed on the home that negatively impact property value. However, how to assess the land under the ground lease remains an issue. Most CLT's charge a $50 monthly ground lease payment. Should this law be enacted, BOE staff anticipates initiating an interested parties process to develop assessment guidelines[46] for CLT-enforceably restricted homes with ground leases. It appears that many counties value land with ground leases associated with university housing by capitalizing the monthly lease payment.

[46] For example, the BOE issued guidelines for the assessment of Enforceably Restricted Historical Properties and Low-Income Housing Tax Credit-Financed Properties.

Senate Bill 996 (Hill) Chapter 836

Welfare Exemption: Low-Income Housing

Effective January 1, 2017. Amends Section 214 of, and adds Sections 214.17 and 259.14 to, the Revenue and Taxation Code.

Summary: Effectively increases from $2,000,000 to $10,000,000 the exemption cap applicable to certain low-income rental housing owned by nonprofit organizations under the welfare exemption and imposes additional reporting requirements. Also allows cancellations of outstanding taxes imposed between 01/01/13 and 01/01/17 as a result of the exemption cap.

Sponsor: Author

Purpose: To exempt low-income rental housing owned by nonprofit organizations impacted by the cap.

Former Law: Existing law provides that low-income rental housing owned and operated by a qualifying nonprofit organization may be exempt from property tax under the welfare exemption, provided various conditions and requirements are met. The law allows an unlimited exemption for rental housing owned by a nonprofit organization if it is financed with government loans or grants, or is receiving other governmental financial assistance or government low-income housing tax credits.[47] However, the law limits the exemption to the first $20,000 of tax paid statewide[48] on any rental property owned by the nonprofit that does not receive these loans, grants, or tax credits.

Amended Law: **Increases Exemption Cap.** This bill effectively increases the exemption cap from $2,000,000 to $10,000,000 of assessed value for non-government assisted low-income rental housing owned and operated by eligible nonprofit organizations. *RTC §214(g)(1)(C)*

Additional Reporting Requirement. This bill requires these nonprofit organizations to provide additional information with their annual welfare exemption claim. In order to be eligible for the exemption based on the occupant's household income at a specified level of rent, the nonprofit organization must annually provide non-personally identifiable information about the occupants which includes: (1) the actual household income of the occupant, (2) the maximum rent that may be charged to the occupant, and (3) the actual rent charged to the occupant. This bill requires the assessor to keep this additional information confidential to protect the privacy of the occupant's personal and financial information. *RTC §259.14*

Cancellation of Outstanding Taxes. This bill authorizes the cancellation of any outstanding tax, interest, or penalty between $20,000 and $100,000 levied or imposed on these organizations from January 1, 2013 to January 1, 2017, inclusive, provided they were levied or imposed because of the exemption cap. During this time period, the exemption was expressed in terms of tax, rather than assessed value. *RTC §214.17.*

In General: **Government Financing or Tax Credits: Unlimited Exemption.** When a nonprofit organization owns and operates a low-income rental housing property that receives government financing or low-income housing tax credits, all of these properties may be exempt from property tax. Generally, a low-income housing property, including a single family home, may qualify for the welfare exemption provided:

[47] RTC §214(g)(1)(A) and §214(g)(1)(B)
[48] RTC §214(g)(1)(C)

- **Government Assistance.** The nonprofit organization owner receives low-income housing tax credits or government financing on the property.[49] *§214(g)(1)(A) and (B)*
- **Use Restriction.** The property is subject to a recorded deed restriction, regulatory agreement, or other legal document[50] restricting its use for low-income housing purposes at specified rents. *§214(g)(2)(A)(i) and Property Tax Rule 140*
- **Rents Charged.** The rents charged to lower income household occupants do not exceed the rent prescribed by the deed restrictions or regulatory agreement. *§214(g)(1)(A) and §214(g)(2)(A)(i)*
- **Property Tax Savings.** The owner certifies that the funds otherwise spent to pay taxes are instead used to maintain affordability of, or reduce rents of units occupied by, the lower income households. *§214(g)(2)(B)*
- **Occupancy.** While there is no minimum percentage of units that must be occupied by lower-income households, the exemption only extends to the units serving lower-income households. *§214(g)(1)*
- **Limited Partnership: Special Requirements.** In the case of housing owned by a limited partnership in which the managing general partner is an eligible nonprofit organization, use and rent restrictions must be contained in an enforceable and verifiable agreement with a public agency or in a recorded deed restriction. An "other legal document" is insufficient. *§214(g)(2)(A)(ii)*

No Government Assistance: Capped Exemption. When a nonprofit organization owns and operates a low-income housing property that does not receive any government financing or low-income housing tax credits, an exemption is available, but these properties are subject to a statewide cap. The exemption is capped at the first $20,000 of property tax which, at a 1% tax rate, equates to $2,000,000 of assessed value. If it does not exceed the exemption cap, a particular low-income housing property may qualify for the welfare exemption provided:

- **Occupancy.** Ninety percent or more of the property's occupants are lower income households, as specified. With respect to the remaining occupancy, the law allows an exemption equal to the percentage of units serving lower-income households. For example, a 100% exemption would be allowed if all the units were occupied by low-income households. *§214(g)(1) and §214(g)(1)(C)*
- **Use Restriction.** The property is subject to a recorded deed restriction, regulatory agreement, or other legal document restricting the property's use to low-income housing. *§214(g)(2)(A)(i) and Property Tax Rule 140*
- **Rents Charged.** The rent charged does not exceed that prescribed in Health and Safety Code Section 50053. *§214(g)(1)(C)*
- **Property Tax Savings.** The owner certifies that the funds otherwise spent to pay taxes are instead used to maintain the affordability for, or reduce rents of units occupied by, the lower income households. *§214(g)(2)(B)*
- **Limited Partnerships: Prohibited.** Limited partnerships with a nonprofit organization serving as a managing general partner are not eligible for any exemption under this provision. *§214(g)(1)(C)*

[49] The exemption continues to apply if the government financing has been refinanced or paid in full or if the allocation of the low-income housing tax credits has terminated or expired, during the period of restricted use and rent levels provided that the government agency that is a party to the regulatory agreement continues to monitor and enforce compliance with the regulatory agreement. Property Tax Rule 140(c).

[50] An "other legal document" is not permissible if a limited partnership owns the property with a managing general partner that is a nonprofit organization. RTC §214(g)(2)(A)(ii).

Background: **Historical Qualifications.** Prior to January 1, 2000, nonprofit organizations could qualify for a property tax exemption for low-income rental housing by meeting one of the following requirements:

1. **Occupancy.** At least 20% of the occupants were persons with low income.
2. **Government Financing.** The project was financed with tax-exempt bonds, government loans, or grants.
3. **Tax Credits.** The nonprofit organization was eligible and received low-income housing income tax credits.

More Stringent Qualifications. Beginning January 1, 2000, Assembly Bill 1559 (Stats. 1999, Ch. 927, Wiggins) deleted mere "occupancy" by persons with low income as a qualifying condition for the welfare exemption. As a result, to receive a property tax exemption, the low-income housing property must either be financed with government funds or the owner must receive income tax credits on the property. AB 1559 also imposed higher standards related to restrictive use documentation to substantiate that the property is dedicated to low-income housing. Accordingly, any deed restriction must be recorded, and a public agency must be a party to an enforceable and verifiable agreement regarding property use. Furthermore, "other legal documents" no longer sufficed to impose the necessary use restriction.

The Los Angeles Housing Law Project (Project) sponsored AB 1559 to address welfare exemption abuse and misuse that permitted the owners of substandard housing properties to obtain a property tax exemption. In the course of investigating various substandard housing properties, this organization discovered that some properties were receiving the exemption under the provision that permits the property to qualify solely on the basis that the rents were low and the residents were low-income households. It was alleged that substandard housing owners were partnering with nonprofit organizations in a limited partnership as a ruse to obtain the welfare exemption or were themselves creating non-profit organizations. Presumably, the rationale for limiting the exemption to properties financed with tax-exempt bonds, government loans, or grants was that these properties would be subject to some level of government oversight, ensuring quality housing for the tenants and preventing creative property owners from obtaining the exemption to avoid paying any property tax.

Exemption Cap. AB 1559's changes also revoked the exemption from charitable organizations providing adequate housing because they did not have government financing or tax credits. Consequently, the following year Assembly Bill 659 (Stats. 2000, Ch. 601, Wiggins) reinstated exemption eligibility based on "occupancy" by low-income households with three changes:

1. **Occupancy Threshold.** The occupancy threshold was raised from 20% to 90%.
2. **Exemption Cap.** An exemption cap was created limiting the exemption to $20,000 of "tax" statewide.
3. **Exclude Limited Partnerships.** Limited partnerships in which the managing general partner is an eligible nonprofit corporation were specifically excluded.

Since the exemption cap was created, few nonprofit organizations that own low-income rental housing have exceeded the cap. Many projects use government financing or tax credits and thus are not impacted by the cap. The purpose of making public financing a key condition of receiving a property tax exemption was to help ensure that only legitimate operators were benefiting from the exemption. The purpose of excluding limited partnerships was to prevent the owners of substandard housing from partnering with a nonprofit organization in a ruse to obtain the welfare exemption. The purpose of imposing a $20,000 statewide cap when public financing does not apply was to limit the available exemption to owners that might misuse the exemption by creating a non-profit organization.

Consent Decree Property Exception. In 2004, the Long Beach Affordable Housing Coalition unknowingly became impacted by the $20,000 exemption cap. It purchased 12 developments using conventional bank financing. Public subsidies were unnecessary to buy the properties because they were acquired from another nonprofit organization on favorable terms. These properties mitigated the loss of affordable housing related to the construction of the Century Freeway (I-105) in Los Angeles County and had always been exempt from property taxes. Because there were no public subsidies, the properties became taxable, except for the first $20,000 in tax. To remedy this issue, Senate Bill 1284 (Stats. 2008, Ch. 524, Lowenthal) modified the law to exclude the cap's application to these properties.[51] SB 1284 also cancelled all outstanding taxes, including any related interest or penalties, on the properties.[52] SB 1284 did not include refunds because at that time, it was believed that no taxes had yet been paid. However, the lender had paid taxes to avoid a property sale due to tax delinquency. In 2010, Senate Bill 996 (Lowenthal) was introduced to allow the refund of taxes paid, but this bill was not enacted.

Earlier this year, Senate Bill 678 (Hill) proposed an identical increase but added one more assessment year open to refund or cancellation. The bill was held in Senate Appropriations.

Commentary:

1. **Summary of amendments.** The **August 15, 2016 amendments** deleted the authority to refund property taxes previously paid related to the exemption cap. However, outstanding taxes, such as taxes levied but not yet collected for the January 1, 2016 lien date, may be cancelled. **The June 23, 2016 amendments** made a minor modification to the description of qualified taxes eligible for refund, as suggested by the Assembly Revenue and Taxation Committee June 20, 2016 analysis. **The May 2, 2016 amendments** modified the exemption cap so that it is expressed as an equivalent amount of assessed value rather than tax. This simplified the exemption's administration, since assessors apply exemptions in terms of assessed value. This amendment eliminated the need to calculate an equivalent amount of assessed value since tax rates vary slightly by location and are not under the assessor's purview. The amendments also required those organizations subject to the cap to report additional information for exemption eligibility verification purposes. The California Assessors' Association (CAA) requested both amendments. The CAA states that additional information is needed because, unlike other rental housing properties for which the welfare exemption applies pursuant to RTC Section 214(g), the county assessor's office is the only government entity charged with ensuring exemption compliance related to the amount of rent charged to the tenants or occupant eligibility.

2. **The cap has not increased since its inception over 15 years ago.** Twenty thousand dollars in tax is equivalent to about $2 million in assessed value at the 1% tax rate. Three nonprofit organizations in San Mateo County currently own low-income rental housing that is partially taxable due to the exemption cap. Increasing the cap to $10 million in assessed value would allow the low-income housing properties owned by these organizations to be exempt under the welfare exemption.

3. **No other property eligible for the welfare exemption is subject to an exemption cap.** The cap was instituted to address the exemption's misuse as it applied to low-income housing. In addition to the cap, other restrictions were enacted to reduce exemption abuse, such as excluding limited partnerships, requiring recorded deed restrictions, and requiring regulatory agreements with a public agency.

[51] RTC §214(g)(1)(D).
[52] RTC §214.16.

4. **Few organizations have exceeded the cap**. Most projects require government subsidies to be economically viable, making the cap inapplicable. When the cap impacted Long Beach Affordable Housing Coalition-owned properties, the Legislature enacted legislation to exclude the properties from any cap.

5. **Currently, 26 nonprofit organizations receive exemptions on property that count towards the cap, with three organizations exceeding the cap.** The 26 organizations own 76 properties of various types: single-family residences, multifamily residences (e.g., duplex, triplex, fourplex), and apartment complexes. The properties are located in 11 counties, but only the three noted organizations in San Mateo County are known to exceed the cap and are partially taxable.

6. **The BOE monitors the statewide cap.** Nonprofit organizations report their holdings to the local assessor via the annual welfare exemption claim form, and assessors annually transmit the information to the BOE. Only 11 counties report that they have granted exemptions to properties owned by a nonprofit organization, and the tax savings granted must be counted towards the statewide exemption cap of $20,000 in tax (or about $2 million in assessed value). The other 39 counties report that there are no such properties in their county.

Senate Bill 1458 (Bates) Chapter 871
Disabled Veterans' Exemption

Tax levy; effective September 30, 2017, but operative for 2017-18 lien date. Amends Sections 205.5 and 5097 of, and adds Sections 4831.1 and 5097.3 to, the Revenue and Taxation Code.

Summary: Expands disabled veterans' exemption eligibility by changing the requirement that a veteran's character of discharge from military service be under "honorable" conditions to a lower threshold of under "other than dishonorable" conditions. Also extends the use of roll corrections to process disabled veteran related refunds to eight years.

Sponsor: BOE Member Runner (§205.5)
California Assessors' Association (§§4831.1, 5097, & 5097.3)

Purpose: To allow previously barred 100% disability-rated veterans, currently receiving United States Department of Veterans Affairs (USDVA) disability compensation for service-connected injuries, to receive the California's disabled veterans' property tax exemption and allow assessors to cost effectively provide refunds via the administrative procedure of assessment roll corrections.

Former Law: The California Constitution authorizes two property tax exemptions for persons who have served in the military:

- **Disabled Veterans' Exemption.**[53] The disabled veterans' exemption applies to the home of a person who because of an injury incurred in military service, is totally disabled, has lost the use of multiple limbs, or is blind.
- **Veterans' Exemption.**[54] The veterans' exemption applies to any property owned by a person who serves or has served in the military. However, over time, this exemption has become effectively obsolete.[55]

Service Discharge. Under federal law, USDVA benefits and services provided to a veteran depend on the veteran's character of discharge from military service. A veteran with an Honorable or General (under honorable conditions) is eligible for benefits. However, a veteran with an Other Than Honorable (OTH), or Bad Conduct discharge may be eligible for benefits on a case by case basis after an USDVA investigation.

California's law for disabled veterans' exemption eligibility requires the person's character of discharge to be under "honorable" conditions. The statute implementing the California Constitution's *disabled veterans' exemption* as provided in Section 4 of the Constitution defines "veteran"[56] by cross reference to the *veterans' exemption* found in Section 3 of the Constitution.[57] The veterans' exemption in Section 3 of the Constitution requires a person to be serving in or to have served in and have been discharged under *honorable* conditions from service.[58] But, the disabled veterans' exemption in Section 4 of the Constitution does not impose an eligibility requirement related to the person's character of discharge. It

[53] Section 4(a) of Article XIII of the California Constitution. The exemption also extends to the home of the person's spouse, including an unmarried surviving spouse.
[54] Section 3(o) of Article XIII of the California Constitution.
[55] Only two veterans in California currently qualify for the Veterans' Exemption. Any person who owns property worth more than $5,000 if single or $10,000 if married is ineligible. If a person owned a home, like a mobilehome, the homeowners' exemption provides greater tax savings. (See Comment 5.)
[56] RTC Section 205.5(b)
[57] Section 3(o) of Article XIII of the California Constitution
[58] Section 3(o) of Article XIII of the California Constitution.

only requires that a person be "totally disabled" as a result of military related service.[59]

Roll Corrections. The law allows counties to issue a property tax refund after an assessment roll correction (RTC §4836). However, the law generally limits both roll corrections and refunds to the last four years. In the case of disabled veterans' exemption claims only, the law allows eight years of refunds (RTC §5097(a)(3)(4)).

Amended Law: **Service Discharge.** This bill eliminates the constitutional cross-reference defining "veteran" for purposes of Section 4 of the Constitution (*the disabled veterans' exemption*) based on the Section 3 definition of "veteran" (*the veterans' exemption*). Instead, the bill defines "veteran" using the same terms found in Section 3 but changes the character of the discharge from military service requirement from "honorable" conditions to "other than dishonorable" conditions. This allows 100% disabled veterans with Other Than Honorable (OTH) or Bad Conduct military discharges to potentially qualify, but only if the USDVA determines they are eligible for federal health and medical benefits.

Roll Corrections. This bill allows counties to issue property tax refunds related to disabled veterans' exemptions using the mechanism of an assessment roll correction for assessment rolls beyond four years. Specifically, this bill:

- Adds RTC Section 4831.1 to allow the assessor to process eight years of roll corrections for disabled veteran exemption claims.
- Amends RTC Section 5097(a)(4) for those counties that send refund notices and require refund claims for roll corrections under RTC Sections 4836(a) and 5097(a)(2).
- Adds RTC Section 5097.3 for those counties that process roll correction-related refunds under RTC Sections 4836(a) and 5097.2.

Effective Date. As a tax levy, this bill is effective September 30, 2016. However, the bill provides that it applies commencing with the lien date for the 2017-18. (RTC Section 205.5(i)).

In General: California law provides qualified disabled veterans and their unmarried surviving spouses with a property tax exemption that applies to their home's assessed value. Exemption eligibility provisions require that the claimant obtain a USDVA disability rating that either (1) rates the veteran's disability at 100% or (2) rates the veteran's disability compensation at 100% because the veteran is unable to secure and maintain gainful employment.

The law also allows surviving spouses to receive the exemption if the spouse's death was service-connected. To be eligible for the exemption, surviving spouses must receive a USDVA determination that the spouse's death was service-connected. A USDVA determination is necessary for (1) active duty personnel deaths (i.e., the service person was not a "veteran") and (2) veterans without a 100% rating when alive, but whose cause of death is deemed service-connected. Surviving spouses of veterans with a 100% disability rating during their lifetime continue to receive the exemption after the veteran's death. The exemption, however, is no longer available to a surviving spouse once he or she remarries. In the case of an active duty death, the exemption also is no longer available to a surviving spouse after remarriage.

[59] Section 4(a) of Article XIII of the California Constitution.

Qualification	**Basic Exemption Amount**	**Lower Income Exemption Amount** $40,000 adjusted for inflation **$58,754**
Disabled Veteran • Disability Rating = 100% • Disability Compensation = 100% • Blind • Lost the Use of Two or More Limbs **Spouse of Military Personnel** • Surviving Spouse: Disabled Veteran • Surviving Spouse: Active Duty Death • Surviving Spouse: Posthumous service-connected death finding	$100,000 adjusted for inflation **$130,841**	$150,000 adjusted for inflation **$196,262**
Claims Granted: 37,653	**33,196**	**4,457**

Background: **Service Discharge.** There are five different types of discharges from active duty: Honorable, General (under honorable conditions), Other Than Honorable conditions (OTH), Bad Conduct, or Dishonorable. Generally, to receive disability compensation benefits from the USDVA requires an Honorable or a General (under honorable conditions) discharge. But, it is possible for a person with an OTH and Bad Conduct discharge to receive disability compensation if, after an investigation by the USDVA, which administers veteran benefits, the USDVA finds that the OTH or Bad Conduct discharge was not "under conditions other than dishonorable" and authorizes disability compensation benefits.

The Senate Committee on Veterans Affairs legislative analysis for SB 1458 explains these issues in detail, a portion of which is excerpted below:

> **Types of Military Discharges.** The military separates its personnel from active service by formally discharging them. Discharges may be either administrative or punitive. Each of the five different discharge statuses is determined by the characterization of an individual's service. The character of service slides along a scale with "honorable" at the high end and "dishonorable" at the low end.
>
> The types of discharges fall under one of two categories: "administrative" or "punitive." Punitive discharges are reserved for the most negative cases and imposed only by special and general courts martial. Administrative separations cannot be awarded by a court-martial and are not punitive in nature. Enlisted personnel may be administratively separated with a characterization of service or a description of separation. Administrative discharges include:
>
> 1) *Honorable.* This is the most common discharge status. It presumes creditable service and good behavior. All service members will earn an Honorable Discharge unless they experience significant problems and receive a lower type of discharge.
>
> 2) *General (under honorable conditions).* Sometimes referred to as a "General Discharge," it is granted if an individual's commander determines that the service has been generally honest and faithful, even if the person ran into some trouble. General Discharges are given for a variety of reasons, including failure to progress in training; failure to maintain military standards in appearance, weight, or fitness; or for disciplinary infractions, including drug or alcohol abuse.

3) *Other than Honorable.* An "OTH" discharge usually is given when an individual's service represents a broader pattern of departure from the conduct and performance expected of all military members. It can result from notable drug or alcohol problems, but also can be based on other misconduct, such as abuse of authority, fraternization, or a pattern of continued misconduct. OTH discharges bar the individual from reenlisting into any component of the armed forces, including the military reserves and National Guard.

Punitive discharges are authorized punishments of courts-martial and can only be imposed as an approved court-martial sentence following an individual's conviction for violating the Uniform Code of Military Justice. There are two types of punitive discharges:

1) *Bad Conduct Discharge.* This can be imposed by both special and general courts-martial. This discharge is usually given for convictions of crimes such as absent without leave, drunk on duty, driving while under the influence, adultery, writing bad checks, and disorderly conduct.

2) *Dishonorable Discharge.* This is the worst type of military discharge a service member can receive, and can be imposed only by a general court-martial. In most cases, a Dishonorable Discharge also involves being sentenced to serve time in a military prison.

Refunds and Roll Corrections. In 2014, Senate Bill 1113 (Stats. 2014, Ch. 656, Knight) expanded from four years to eight the time period in which disabled veterans otherwise eligible to receive the disabled veterans' exemption on their home could be refunded property taxes previously paid.

The administrative process used to issue a property tax refund for a roll correction can differ in the various counties. The law grants counties options on how to issue a property tax refund after a roll correction (see RTC §4836). For instance, after an assessor's roll correction, a county auditor can directly process and issue the refund per RTC §5097.2(c). Or, a county auditor can send a refund notice to the taxpayer, include a claim for refund, and require the taxpayer to file the claim within 60 days of that notice, per RTC §5097(a)(2). The statutes also grant counties flexibility as to the direct involvement of the board of supervisors in issuing property tax refunds by allowing the counties to adopt resolutions that delegate authority to other county officers to perform those duties (see RTC §4804).

Commentary:

1. **Some California disabled veterans with 100% service connected disability ratings and disability compensation are denied the disabled veterans' exemption authorized under the Constitution.** Under current law, disabled veterans receiving compensation from the federal government for service connected injuries at the 100% disability level are ineligible for California's disabled veterans' property tax exemption because the veteran was not discharged from military service under honorable conditions (i.e., Honorable or General (under honorable)).

2. **Summary of Amendments.** The **June 29, 2016 amendments** added the provisions sponsored by the California Assessors' Association. **The June 23, 2016 amendments** delayed the operative date to the lien date as suggested in the prior BOE analysis in order to ease administration and reduce county administrative costs. **The April 6, 2016 amendments** incorporated suggestions made by the Senate Committee on Veterans Affairs. The amendments clarified that, to receive the property tax exemption, a person who was discharged under other than dishonorable conditions (i.e., OTH and Bad Conduct), must have received a USDVA determination of eligibility for federal veterans' health and medical benefits.

3. **Military Discharges.** The Senate Veterans Affairs Committee explains that OTH and Bad Conduct discharges lack the broad presumptive eligibility for most of the benefits enjoyed by the Honorable and General (Under Honorable Conditions) discharges. When recipients of OTH and Bad Conduct

discharges claim federal benefits, the USDVA formally investigates and adjudicates the claims. Thus, a person that has an OTH or Bad Conduct discharge is initially barred from basic eligibility for federal benefits. But the circumstances surrounding those discharges may leave the door open for the USDVA, as administering agency of benefits, to make its own character of discharge determination in order to assess eligibility. The USDVA reviews facts and circumstances surrounding the incident(s) that led to the discharge, as reported by the military, as well as any supporting evidence furnished by the claimant or obtained from third parties. On a case-by-case basis, USDVA determines whether the incidents that led to the discharge may be found to have been "under conditions other than dishonorable," and thus whether basic eligibility for USDVA benefits can be established.

4. **This bill will align state-provided benefits with federally-provided benefits.** This bill changes the eligibility standard from a discharge under *honorable* conditions to a discharge under *other than dishonorable* conditions provided the USDVA has approved the granting of health and medical benefits.

5. **Exemption administration.** When assessors administer the exemption, they cannot grant the exemption to a 100% disabled veteran when the necessary document to support the exemption claim, the Certificate of Release or Discharge from Active Duty (DD Form 214), states that the character of service is "under other than honorable conditions." From time to time, disabled veterans with OTH discharges contact the BOE concerning their inability to obtain California's property tax exemption even though they are receiving all federal benefits. Additionally, county assessor staff contacts the BOE to question this issue and confirm that they must deny the disabled veteran's claim.

6. **Veterans with post-traumatic stress disorder**. The current standard in law is particularly an issue for veterans suffering from post-traumatic stress disorder (PTSD). These veterans are more likely to have been discharged under OTH or Bad Conduct, because of actions related to their PTSD with the USDVA allowing federal benefits after its investigation.

7. **The California Constitution's disabled veterans' exemption does not condition exemption eligibility on a veteran's character of discharge from the military.** This is a statutory requirement created by the cross-reference definition to the unrelated constitutional provision for the veterans' exemption. Moreover, the veterans' exemption is effectively obsolete. The veterans' exemption of $4,000 in assessed value predates the homeowners' exemption of $7,000. After the homeowners' exemption was created, home-owning veterans transitioned to that exemption due to greater savings. Only veterans who don't own a home and own other taxable property, like a boat or business personal property, would claim the veterans' exemption. But, because of its wealth cap limitations of $5,000 or $10,000, only two people in the state qualify. Since the wealth cap is in the Constitution, it can't be raised without a constitutional amendment.

8. **The new veteran definition.** This bill amends into the statute the same definition as exists in the constitution but changes the character of discharge from "honorable" conditions to "other than dishonorable" conditions. Additionally, the USDVA will have determined that the person is eligible for health and medical benefits as evidenced by the persons USDVA 100% disability rating or 100% disability compensation.

9. **Prospective application.** For clarity, the bill should state that the change in exemption eligibility is effective prospectively as of a specific date.

10. **What disability rating is required to qualify?** The law defines total disability as meaning that the USDVA has issued the veteran a 100% disability rating or a 100% disability compensation rating for

unemployability.[60]

11. **How much is the exemption?** The exemption amount depends upon the claimant's income. For the 2017-18 fiscal year, for persons with household incomes below $58,754, the exemption amount is $196,262. For all other eligible persons, the exemption amount is $130,841.[61]

12. **How many homes have been granted the disabled veterans' exemption?** For 2015, 37,653 exemptions were granted to eligible claimants: 33,196 basic exemptions and 4,457 lower income exemptions.

13. **The Top 10 Counties.** For 2015, the counties with the most disabled veterans' exemptions in descending order include: (1) San Diego: 5,391; (2) Riverside: 3,732; (3) Sacramento: 2,422; (4) San Bernardino: 2,373; (5) Los Angeles: 2,092; (6) Solano: 1,764; (7) Orange: 1,691; (8) Contra Costa: 1,147; (9) Monterey: 990; and (10) Fresno: 959.

14. **Refunds and Roll Corrections.** In 2014, SB 1113 amended RTC §5097 to extend to eight years the time period permissible for otherwise eligible taxpayers to receive refunds for taxes previously paid when they should have qualified for the disabled veterans' exemption. However, this legislation lacked provisions to allow counties to use their existing roll correction process as the administrative mechanism to provide these additional refunds. Allowing counties to use assessment roll correction procedures would be administratively less complex because of the coordination otherwise necessary between different county offices (board of supervisors, tax collector, auditor, and assessor, etc.) to calculate, authorize, and issue the refund check. Additionally, this should make the process more seamless for the disabled veteran.

15. **Roll Correction Flexibility.** This bill gives counties the authority to use their existing roll correction procedures to provide disabled veterans' exemption refunds for additional prior tax years as authorized by 2014's SB 1113. The procedures differ depending on which option in law the county uses. These amendments are necessary because RTC §4831 limits roll corrections to those occurring within four years after making an assessment, and, for those counties that use RTC §5097.2 to issue roll correction-related refunds, those refunds are limited to taxes paid within the last four years. Additionally, for those counties that send refund notices under RTC §4836(a) and issue roll correction-related refunds per RTC §5097(a)(2) identical language concerning refund notices is added to RTC §5097(a)(4), the provision added by SB 1113 to expand refunds available to disabled veterans to the last eight years of taxes paid.

16. **Related Legislation.** 2016 legislation proposing to amend RTC Section 205.5 included:

AB 1556	Mathis	**Exemption Amount.** Increase to $2.1 Million with inflation factoring, sunset date of January 1, 2020, or earlier if certain conditions apply. **Blind and Mobility Definitions.** • Adds New Category of Total Disability Related to Mobility. • Modifies Blind Definition.
SB 690	Stone	**Exemption Amount.** Increase to 100% exemption: Low-Income Veterans
SB 1104	Stone	**Exemption Amount.** Increase to 100% exemption: All Veterans

[60] RTC Section 205.5(e)

[61] This is the current exemption amount. Since 2006, RTC Section 205.5(h) allows a compounding inflation factor to apply to the $150,000 and $100,000 amounts. This is the current income threshold. Since 2002, RTC Section 205.5(g) allows a compounding inflation factor to apply to the $40,000 income threshold.

SB 1183	Bates	**Exemption Amount.** Increase to $1 Million with inflation factoring. No sunset date. **Blind and Mobility Definitions.** • Adds New Category of Total Disability Related to Mobility. • Modifies Blind Definition.
SB 1458	Bates	**Discharge Classification.** Extends exemption to disabled veterans with other than dishonorable discharge and receiving 100% disability compensation or have a 100% disability rating and eligible for federal veterans' health and medical benefits.

Senate Bill 1480 (Committee on Governance and Finance) Chapter 116
Property Tax Omnibus Bill

Effective January 1, 2017. Amends Sections 254.5 and 1840 of the Revenue and Taxation Code.

Summary: Removes from statute the contents of certain exemption renewal forms and extends the deadline for local governments to file appeals with the Board of Equalization (BOE) related to taxable government-owned property ("Section 11" appeals) from July 20 to November 30.

Sponsor: California Assessors' Association (§254.5)
Board of Equalization (§1840)

Purpose:

Exemption Forms. To provide flexibility that will permit electronic exemption renewal.

Appeals Deadline. To align state and local assessed property appeal filing deadlines.

Property Leased to Government and Habitat for Humanity Exemption "Postcard" Renewals
Revenue and Taxation Code Section 254.5

Former Law: Current law requires the assessor to mail an annual notice to certain welfare exemption recipients to ask if the property will continue to be used for its exempt purpose. This procedure serves to allow a simplified annual renewal process for select claimants. The law specifies the wording of the notice and requires the notice to include a "postcard" for claimants to use when responding.

Amended Law: This bill removes from statute the precise contents of the postcard and instead allows the BOE to prescribe the detail of the notice.

Background: The law allows simplified annual exemption renewal filing in four cases:

- Welfare Exemption: Property leased to government for a governmental purpose (§231)
- Welfare Exemption: Habitat for Humanity property (§ 214.15)
- Religious Exemption: Church-owned property and church-owned schools (§§ 207 and 257)
- Cemetery Exemption (§ 204)

This bill addresses the two welfare exemption provisions. The other two provisions will be addressed at a later date since more comprehensive amendments are necessary.

Commentary:

1. **Effect of the bill.** This measure allows administrative flexibility and allows future e-filing. The California Assessors' Association (CAA) has created eForms, a portal where taxpayers in participating counties can access and file property tax related forms. Removing the requirement that a taxpayer mail a postcard facilitates the ability to renew these exemptions electronically.
2. **The BOE prescribes many claim forms together with the CAA.** It is unnecessary for the statute to detail the precise language used, which impedes and delays improving forms. The BOE and CAA have an annual procedure in place to update and approve forms for continual improvement.

Section 11 Appeals Filing Deadline
Revenue and Taxation Code Section 1840

Former Law: Generally, the law[62] exempts local government-owned property from the property tax. However, the law[63] subjects local government-owned property to tax if the property is located outside the local government's jurisdictional boundaries and the property was taxable when acquired. Taxable government-owned properties are referred to as “Section 11” properties after the section in the Constitution that requires their taxation. This same constitutional provision[64] requires the BOE to review these assessments ("Section 11" appeals) instead of the local county assessment appeals board where the property is located.

The law[65] sets July 20 as the deadline to file Section 11 appeals. But when the assessor completes the assessment roll after July 1, the law extends the deadline until two weeks after the assessor completes and delivers the roll to the auditor. In these counties, the deadline is typically two weeks after July 31.[66]

The appeals filing deadline for Section 11 properties differs from the deadline for other locally assessed property appeals. For appeals filed with the local assessment appeals board, generally the deadline is November 30. Nine counties have an earlier deadline of September 15.

Amended Law: This bill extends the filing deadline for Section 11 appeals from July 20 to November 30. Establishing a November 30 filing deadline makes the appeals filing deadlines generally consistent with deadlines related to other locally assessed property appeals.

The bill also deletes the language that extends the deadline by two weeks in certain instances because a November 30 deadline provides an adequate extension. Moreover, deleting this language gives applicants a date certain.

Background: The appeals procedure for Section 11 properties is unique. For other property valued by the county assessor, appeals are filed with the local assessment appeals board. Section 11 appeals are filed infrequently. In the last 20 years, five appeals have been filed, and the BOE has rendered only one decision.[67] The remaining appeals were withdrawn after the assessor and local government reached agreement prior to the matter being set for a BOE hearing. One withdrawn appeal initially was filed erroneously with the local assessment appeals board. After some time, the parties discovered the BOE was the proper appeals body, and the appeal was transmitted to the BOE.

As a result of legislation enacted in 2001, the assessment appeals deadline for most counties changed from September 15 to November 30.[68] At one time, all counties had a uniform appeals deadline of September 15. Now the law provides an appeals deadline of either September 15 or November 30 depending upon whether the assessor mails assessed value notices to property owners by a certain date.[69] Currently, nine counties[70] have a September 15 deadline. The remaining 49 counties have a November 30 deadline.

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[62] Article XIII, Section 3(b) of the California Constitution
[63] Article XIII, Section 11 of the California Constitution
[64] Article XIII, Section 11(g)
[65] Revenue and Taxation Code (RTC) Section 1840
[66] RTC Section 617 requires the assessor to deliver the local assessment roll to the auditor as soon as it is completed. RTC Section 616 requires the assessor to complete the roll by July 1, but many county assessors request a 30-day deadline extension from the BOE as RTC Section 155 allows. In 2014, the BOE granted roll completion deadline extension requests to 29 counties. In 2013, the BOE granted 28 requests.
[67] East Bay Municipal Utility District v. County of Calaveras (2003)
[68] AB 645 (Stats. 2001, Ch. 238, Horton)
[69] RTC Section 1603
[70] RTC Section 619. For 2016, the nine counties with a September 15 deadline include: Alameda, Inyo, Kings, Placer, San Francisco, San Luis Obispo, Santa Clara, Sierra, and Ventura.

Commentary:

1. **Effect of the bill.** This measure extends the Section 11 appeals deadline to reflect the November 30 deadline provided to other property owners in most counties. For administrative simplicity, a single deadline for all appeals filed with the BOE, regardless of the county in which the property is located, is preferable and affords local governments the maximum amount of time to file.
2. **Currently, no Section 11 appeals are pending before the BOE.** This bill proactively prevents a local government from mistakenly filing an appeal according to the county deadline when the earlier state deadline applies. Providing local governments less time to decide to proceed with an appeal than is available to other locally assessed property owners in the county lacks a rational basis. Moreover, extending the appeals deadline would not negatively impact the BOE's operations.

TABLE OF SECTIONS AFFECTED

SECTIONS		BILL NUMBER	CHAPTER NUMBER	SUBJECT
§205.5	Amend	SB 1458	Ch. 871	Disabled Veterans' Exemption
§214	Amend	SB 996	Ch. 836	Low Income Housing: Exemption Threshold
§214.17	Add	SB 996	Ch. 836	Low Income Housing: Tax Cancellation
§254.5	Amend	SB 1480	Ch. 116	Exemption Filing
§259.14	Add	SB 996	Ch. 836	Low Income Housing: Reporting Requirement
§402.1	Amend	AB 2818	Ch. 701	Community Land Trusts
§402.2	Add	AB 2450	Ch. 300	Low Income Housing: Contract Recording
§1840	Amend	SB 1480	Ch. 116	Section 11 Appeals
§4831.1	Add	SB 1458	Ch. 871	Disabled Veteran Roll Corrections
§5091	Amend	AB 2450	Ch. 300	Government Property Acquisitions
§5097	Amend	SB 1458	Ch. 871	Disabled Veteran Roll Corrections
§5097.3	Add	SB 1458	Ch. 871	Disabled Veteran Roll Corrections
§38405	Amend	AB 1559	Ch. 257	Extension Of Time: Disasters
§314.5	Amend	AB 2168	Ch. 805	PUC Reports