

Introduced by Senator BatesFebruary 19, 2016

An act to amend Section 205.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1458, as introduced, Bates. Property taxation: exemptions: disabled veterans.

Existing property tax law provides, pursuant to the authorization of the California Constitution, a disabled veteran's property tax exemption for the principal place of residence of a veteran or a veteran's spouse, including an unmarried surviving spouse, if the veteran, because of an injury incurred in military service, is blind in both eyes, has lost the use of 2 or more limbs, or is totally disabled, as those terms are defined, or if the veteran has, as a result of a service-connected injury or disease, died while on active duty in military service. That law defines a veteran for its purposes as a person who, among other things, is serving in or has served in and has been discharged under honorable conditions from service in the United States Army, Navy, Air Force, Marine Corps, or Coast Guard.

This bill would expand that definition of veteran to include a person who has been discharged in other than dishonorable conditions from service under those same conditions.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state

shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 205.5 of the Revenue and Taxation Code
2 is amended to read:

3 205.5. (a) Property that constitutes the principal place of
4 residence of a veteran, that is owned by the veteran, the veteran’s
5 spouse, or the veteran and the veteran’s spouse jointly, is exempted
6 from taxation on that part of the full value of the residence that
7 does not exceed one hundred thousand dollars (\$100,000), as
8 adjusted for the relevant assessment year as provided in subdivision
9 (h), if the veteran is blind in both eyes, has lost the use of two or
10 more limbs, or if the veteran is totally disabled as a result of injury
11 or disease incurred in military service. The one hundred thousand
12 dollar (\$100,000) exemption shall be one hundred fifty thousand
13 dollars (\$150,000), as adjusted for the relevant assessment year as
14 provided in subdivision (h), in the case of an eligible veteran whose
15 household income does not exceed the amount of forty thousand
16 dollars (\$40,000), as adjusted for the relevant assessment year as
17 provided in subdivision (g).

18 (b) (1) For purposes of this section, “veteran” means either of
19 the following:

20 ~~(A) A veteran as specified in subdivision (o) of Section 3 of~~
21 ~~Article XIII of the California Constitution without regard to any~~
22 ~~limitation contained therein on the value of property owned by the~~
23 ~~veteran or the veteran’s spouse.~~

24 (A) *A person who is serving in or has served in and has been*
25 *discharged under other than dishonorable conditions from service*
26 *in the United States Army, Navy, Air Force, Marine Corps, or*
27 *Coast Guard, and served either in time of war or in time of peace*
28 *in a campaign or expedition for which a medal has been issued*
29 *by Congress, or in time of peace and because of a*
30 *service-connected disability was released from active duty.*

31 (B) Any person who would qualify as a veteran pursuant to
32 ~~paragraph (1) subparagraph (A)~~ except that he or she has, as a

1 result of a service-connected injury or disease, died while on active
2 duty in military service. The United States Department of Veterans
3 Affairs shall determine whether an injury or disease is service
4 connected.

5 (2) For purposes of this section, property is deemed to be the
6 principal place of residence of a veteran, disabled as described in
7 subdivision (a), who is confined to a hospital or other care facility,
8 if that property would be that veteran's principal place of residence
9 were it not for his or her confinement to a hospital or other care
10 facility, provided that the residence is not rented or leased to a
11 third party. ~~A~~ *For purposes of this paragraph, a family member*
12 ~~that~~ *who* resides at the residence is not ~~considered to be~~ a third
13 party.

14 (c) (1) Property that is owned by, and that constitutes the
15 principal place of residence of, the unmarried surviving spouse of
16 a deceased veteran is exempt from taxation on that part of the full
17 value of the residence that does not exceed one hundred thousand
18 dollars (\$100,000), as adjusted for the relevant assessment year as
19 provided in subdivision (h), in the case of a veteran who was blind
20 in both eyes, had lost the use of two or more limbs, or was totally
21 disabled provided that either of the following conditions is met:

22 (A) The deceased veteran during his or her lifetime qualified
23 ~~in all respects~~ for the exemption *pursuant to subdivision (a)*, or
24 would have qualified for the exemption under the laws effective
25 on January 1, 1977, except that the veteran died prior to January
26 1, 1977.

27 (B) The veteran died from a disease that was service connected
28 as determined by the United States Department of Veterans Affairs.

29 The one hundred thousand dollar (\$100,000) exemption shall
30 be one hundred fifty thousand dollars (\$150,000), as adjusted for
31 the relevant assessment year as provided in subdivision (h), in the
32 case of an eligible unmarried surviving spouse whose household
33 income does not exceed the amount of forty thousand dollars
34 (\$40,000), as adjusted for the relevant assessment year as provided
35 in subdivision (g).

36 (2) Commencing with the 1994–95 fiscal year, property that is
37 owned by, and that constitutes the principal place of residence of,
38 the unmarried surviving spouse of a veteran as described in
39 subparagraph (B) of paragraph (1) of subdivision (b) is exempt
40 from taxation on that part of the full value of the residence that

1 does not exceed one hundred thousand dollars (\$100,000), as
2 adjusted for the relevant assessment year as provided in subdivision
3 (h). The one hundred thousand dollar (\$100,000) exemption shall
4 be one hundred fifty thousand dollars (\$150,000), as adjusted for
5 the relevant assessment year as provided in subdivision (h), in the
6 case of an eligible unmarried surviving spouse whose household
7 income does not exceed the amount of forty thousand dollars
8 (\$40,000), as adjusted for the relevant assessment year as provided
9 in subdivision (g).

10 (3) Beginning with the 2012–13 fiscal year and for each fiscal
11 year thereafter, property is deemed to be the principal place of
12 residence of the unmarried surviving spouse of a deceased veteran,
13 who is confined to a hospital or other care facility, if that property
14 would be the unmarried surviving spouse’s principal place of
15 residence were it not for his or her confinement to a hospital or
16 other care facility, provided that the residence is not rented or
17 leased to a third party. For purposes of this paragraph, a family
18 member who resides at the residence is not ~~considered to be~~ a third
19 party.

20 (d) As used in this section, “property that is owned by a veteran”
21 or “property that is owned by the veteran’s unmarried surviving
22 spouse” includes all of the following:

23 (1) Property owned by the veteran with the veteran’s spouse as
24 a joint tenancy, tenancy in common, or as community property.

25 (2) Property owned by the veteran or the veteran’s spouse as
26 separate property.

27 (3) Property owned with one or more other persons to the extent
28 of the interest owned by the veteran, the veteran’s spouse, or both
29 the veteran and the veteran’s spouse.

30 (4) Property owned by the veteran’s unmarried surviving spouse
31 with one or more other persons to the extent of the interest owned
32 by the veteran’s unmarried surviving spouse.

33 (5) So much of the property of a corporation as constitutes the
34 principal place of residence of a veteran or a veteran’s unmarried
35 surviving spouse when the veteran, or the veteran’s spouse, or the
36 veteran’s unmarried surviving spouse is a shareholder of the
37 corporation and the rights of shareholding entitle one to the
38 possession of property, legal title to which is owned by the
39 corporation. The exemption provided by this paragraph shall be
40 shown on the local roll and shall reduce the full value of the

1 corporate property. Notwithstanding any ~~provision~~ of law or
2 articles of incorporation or bylaws of a corporation described in
3 this paragraph, any reduction of property taxes paid by the
4 corporation shall reflect an equal reduction in any charges by the
5 corporation to the person who, by reason of qualifying for the
6 exemption, made possible the reduction for the corporation.

7 (e) For purposes of this section, being blind in both eyes means
8 having a visual acuity of 5/200 or less, or concentric contraction
9 of the visual field to 5 degrees or less; losing the use of a limb
10 means that the limb has been amputated or its use has been lost
11 by reason of ankylosis, progressive muscular dystrophies, or
12 paralysis; and being totally disabled means that the United States
13 Department of Veterans Affairs or the military service from which
14 the veteran was discharged has rated the disability at 100 percent
15 or has rated the disability compensation at 100 percent by reason
16 of being unable to secure or follow a substantially gainful
17 occupation.

18 (f) An exemption granted to a claimant ~~in accordance with the~~
19 ~~provisions of~~ *pursuant to* this section shall be in lieu of the
20 veteran's exemption provided by subdivisions (o), (p), (q), and (r)
21 of Section 3 of Article XIII of the California Constitution and any
22 other real property tax exemption to which the claimant may be
23 entitled. No other real property tax exemption may be granted to
24 any other person with respect to the same residence for which an
25 exemption has been granted ~~under the provisions of~~ *pursuant to*
26 this section; provided, that if two or more veterans qualified
27 pursuant to this section coown a property in which they reside,
28 each is entitled to the exemption to the extent of his or her interest.

29 (g) Commencing on January 1, 2002, and for each assessment
30 year thereafter, the household income limit shall be compounded
31 annually by an inflation factor that is the annual percentage change,
32 measured from February to February of the two previous
33 assessment years, rounded to the nearest one-thousandth of 1
34 percent, in the California Consumer Price Index for all items, as
35 determined by the California Department of Industrial Relations.

36 (h) Commencing on January 1, 2006, and for each assessment
37 year thereafter, the exemption amounts set forth in subdivisions
38 (a) and (c) shall be compounded annually by an inflation factor
39 that is the annual percentage change, measured from February to
40 February of the two previous assessment years, rounded to the

1 nearest one-thousandth of 1 percent, in the California Consumer
2 Price Index for all items, as determined by the California
3 Department of Industrial Relations.

4 SEC. 2. Notwithstanding Section 2229 of the Revenue and
5 Taxation Code, no appropriation is made by this act and the state
6 shall not reimburse any local agency for any property tax revenues
7 lost by it pursuant to this act.

8 SEC. 3. This act provides for a tax levy within the meaning of
9 Article IV of the Constitution and shall go into immediate effect.