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SB-539 Property taxation: taxable value transfers. (2021-2022)

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Senate Bill No. 539

CHAPTER 427

An act to add Sections 63.2 and 69.6 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor September 30, 2021. Filed with Secretary of State September 30, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 539, Hertzberg. Property taxation: taxable value transfers.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property, defined as the county assessor's valuation of real property as shown on the 1975–76 tax bill and, thereafter, the appraised value of the property when purchased, newly constructed, or a change in ownership occurs after the 1975 assessment, subject to an annual inflation adjustment not to exceed 2%. Existing property tax law provides that the purchase or transfer of the principal residence, and the first \$1,000,000 of other real property, of a transferor in the case of a transfer between parents and their children, or between grandparents and their grandchildren if all the parents of those grandchildren are deceased, is not a “purchase” or “change in ownership” for purposes of determining the “full cash value” of property for taxation.

Existing provisions of the California Constitution, adopted as Proposition 19 by the voters at the November 3, 2020, general election, beginning on and after February 16, 2021, exclude from the terms “purchase” and “change in ownership” for purposes of determining the “full cash value” of property the purchase or transfer of a family home or family farm, as those terms are defined, of the transferor in the case of a transfer between parents and their children, or between grandparents and their grandchildren if all the parents of those grandchildren are deceased, as specified. In the case of a transfer of a family home, existing law requires that the property continue as the family home of the transferee. Existing law authorizes, if certain conditions are fulfilled, the new taxable value, defined as the base year value determined as provided above plus any inflation adjustment, of the purchased or transferred family home or family farm to be the sum of (1) the taxable value of the property, subject to adjustment, as determined as of the date immediately prior to the transfer or purchase, and (2) a portion, if any, of the assessed value of the property, as specified. In the case of property tax benefits provided to a family home under these provisions, existing law requires the transferee to claim the homeowner's or disabled veteran's exemption within one year of the transfer.

This bill would implement these newly adopted constitutional provisions, as provided. The bill would require that the principal residence transferred be the principal residence of the transferor, and that it become the principal residence of the transferee within one year of the transfer. The bill would require, in order to claim the exclusion, that a claim be filed with the assessor. Because the bill would require county assessors to provide new services in relation to family farms, it would impose a state-mandated local program. The bill would require the State Board of Equalization to prescribe a form for claiming eligibility for the exclusion to be filed as provided. The bill would require the State Board of Equalization to adopt emergency regulations in order to implement these provisions, as provided. The bill would also provide that a claim filed under this section is not a public document and is not subject to public inspection, except to specified parties.

Existing property tax law authorizes, pursuant to constitutional authorization, a person over 55 years of age, or any severely and permanently disabled person, who resides in property eligible for the homeowners' exemption to transfer the base year value of the property to a replacement dwelling, subject to certain conditions and limitations.

Existing provisions of the California Constitution, adopted as Proposition 19, beginning on and after April 1, 2021, instead authorizes an owner who is over 55 years of age, severely disabled, or a victim of a wildfire or natural disaster to transfer the taxable value, defined as the base year value determined as provided above plus any inflation adjustment, of a primary residence eligible for either the homeowner's exemption or the disabled veteran's exemption to a replacement primary residence located anywhere in this state, regardless of the value of the replacement primary residence, that is purchased or newly constructed as that person's principal residence within 2 years of the sale of the original primary residence. Under the California Constitution, a person who is 55 years of age or severely disabled may transfer the taxable value of their primary residence up to 3 times. The California Constitution requires that a person seeking to transfer the taxable value of a primary residence under these provisions file an application, containing specified information, with the assessor of the county in which the replacement primary residence is located.

This bill, in accordance with the above-described constitutional provisions, on and after April 1, 2021, would authorize any person who is over 55 years of age, any severely and permanently disabled person, or a victim of wildfire or natural disaster who resides in property that is eligible for the homeowner's exemption or the disabled veteran's exemption to transfer the taxable value of that property to a replacement dwelling that is purchased or newly constructed as a principal residence within 2 years of the sale of the original property, as provided. The bill would require that any claim be filed within 3 years of the date that the replacement dwelling was purchased or the new construction of the replacement dwelling was completed. The bill would limit a person to 3 transfers of taxable value under these provisions, except with respect to claims filed by victims of wildfire or natural disaster, and would require each county assessor to report quarterly to the State Board of Equalization specified information regarding all approved claims. By adding to the duties of local tax officials with respect to the transfer of the taxable value of real property, this bill would impose a state-mandated local program. The bill would require the State Board of Equalization to adopt emergency regulations in order to implement these provisions, as provided. The bill would also provide that a claim filed under this section is not a public document and is not subject to public inspection, except to specified parties.

Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

This bill would take effect immediately as a tax levy.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares that the Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act, while replacing existing base year value transfer provisions for seniors and the severely and permanently disabled as provided in Section 2 of Article XIII A of the California Constitution implemented by Section 69.5 of the Revenue and Taxation Code, enacted additional options for taxpayers to transfer the base year values of their principal residences substantially damaged or destroyed in a disaster, as declared by the Governor, and in no way affected or repealed, impliedly or otherwise, options for these taxpayers authorized by Section 2 of Article XIII A of the California Constitution implemented by Sections 69, 69.3, and 70.5 of the Revenue and Taxation Code.

SEC. 2. Section 63.2 is added to the Revenue and Taxation Code, to read:

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

(1) The purchase or transfer of real property that is the principal residence of an eligible transferor in the case of a purchase or transfer between parents and their children or between grandparents and their grandchildren, if all of the parents, other than stepparents, of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer.

(A) The transfer is required to be of a principal residence of the transferor, and become the principal residence of the transferee within one year of the transfer.

(B) The transferee shall file for the homeowners' or disabled veterans' exemption within a year of the transfer, and the exclusion shall be removed on the date an eligible transferee, or a subsequent eligible transferee who files for the homeowners' or disabled veterans' exemption within one year, is no longer eligible for either the homeowners' or disabled veterans' exemption.

(C) If applicable, as of the lien date immediately following the date the eligible transferee or subsequent eligible transferee no longer qualifies for the exclusion provided by this section, the base year value established as of the change in ownership date to which the exclusion applied, adjusted annually in accordance with paragraph (1) of subdivision (a) of Section 51, shall be enrolled.

(2) The purchase or transfer is of a family farm of an eligible transferor in the case of a purchase or transfer between parents and their children or between grandparents and their grandchildren, if all of the parents, other than stepparents, of that grandchild or those grandchildren, who qualify as the children of the grandparents, are deceased as of the date of purchase or transfer.

(A) This exclusion shall apply separately to the transfer of each legal parcel that makes up a family farm.

(B) For purposes of this section, each legal parcel that makes up a family farm shall be deemed to itself be a family farm, except for a legal parcel containing a family home.

(C) A legal parcel containing a family home as described in subparagraph (B) may qualify separately for exclusion under paragraph (1).

(b) The exclusions provided for in this section shall not be allowed unless a claim for the exclusion sought, pursuant to subdivision (f), is filed with the assessor.

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

(d) The new taxable value of the family home or family farm shall be the sum of both of the following:

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

(2) The applicable of the following amounts:

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

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

(e) As used in this section, the following terms have the following meanings:

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

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

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

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

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

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

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

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

(4) "Family farm" means any real property under cultivation or which is being used for pasture or grazing, or that is used to produce any agricultural commodity, as that term is defined in Section 51201 of the Government Code as that section read on January 1, 2020.

(5) "Family home" or "principal place of residence" means a dwelling that is eligible for a homeowners' exemption or a disabled veterans' exemption as a result of the transferor's ownership and occupation of the dwelling. "Family home" or "principal residence" includes only that portion of the land underlying the residence that consists of an area of reasonable size that is used as a site for the residence.

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

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

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

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

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

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

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

(f) (1) The State Board of Equalization shall prescribe, after consultation with the California Assessors' Association, a form for claiming eligibility. Except as provided in paragraph (2), any claim under this section shall be filed as follows:

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

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

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

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

(B) Under any exclusion granted pursuant to that claim, the adjusted full cash value of the subject real property in the assessment year described in subparagraph (A) shall be the adjusted base year value of the subject real property in the

assessment year in which the excluded purchase or transfer took place, factored to the assessment year described in subparagraph (A) for both of the following:

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

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

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

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

(h) (1) After consultation with the California Assessors' Association, the board shall, by emergency regulation, adopt regulations and produce claim forms and instructions necessary to implement this section and Section 2.1 of Article XIII A of the California Constitution.

(2) Any emergency regulation prescribed, adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

SEC. 3. Section 69.6 is added to the Revenue and Taxation Code, to read:

69.6. Notwithstanding any other law, on and after April 1, 2021, the following shall apply:

(a) Pursuant to subdivision (b) of Section 2.1 of Article XIII A of the California Constitution, any person over 55 years of age, any severely and permanently disabled person, or a victim of wildfire or natural disaster who resides in property that is eligible for either the homeowners' exemption, under subdivision (k) of Section 3 of Article XIII of the California Constitution and Section 218, or the disabled veteran's exemption, under subdivision (a) of Section 4 of Article XIII of the California Constitution and Section 205, may transfer, subject to the conditions and limitations provided in this section, the taxable value of that property to any replacement dwelling that is purchased or newly constructed by that person as their principal residence within two years of the sale by that person of the original property, provided that the taxable value of the original property shall not be transferred to the replacement dwelling until the original property is sold. A person shall not be allowed to transfer the taxable value of a primary residence pursuant to this section more than three times as a claimant who is over 55 years of age or severely or permanently disabled.

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

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

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

(3) At the time of the sale of the original property, the claimant is over 55 years of age, is severely and permanently disabled, or is a victim of wildfire or natural disaster.

(4) At the time of claiming the property tax relief provided by subdivision (a), the claimant is an owner of a replacement dwelling and occupies it as their principal place of residence and, as a result thereof, the property is currently eligible for the

homeowners' exemption or the disabled veteran's exemption, or would be eligible for the exemption except that the property is already receiving the exemption because of an exemption claim filed by the previous owner.

(5) The claimant sells the original property within two years of the purchase or new construction of the replacement dwelling. For purposes of this paragraph:

(A) Either the sale of the original property or the purchase or new construction of the replacement dwelling, but not both, may occur before April 1, 2021.

(B) The purchase or new construction of the replacement dwelling includes the purchase of that portion of land on which the replacement building, structure, or other shelter constituting a place of abode of the claimant will be situated and that constitutes a part of the replacement dwelling.

(6) The claimant has not previously been granted, as a claimant who is over 55 years of age or severely and permanently disabled, the property tax relief provided by this section more than two times. This limitation shall not apply to claimants who are victims of wildfire or natural disaster. In order to prevent more than three claims under this section within this state per person, each county assessor shall report quarterly to the State Board of Equalization that information from claims filed and from county records as is specified by the board to be necessary to identify fully all claims under this section allowed by assessors and all claimants who have thereby received relief. The board may specify that the information include all or a part of the names and social security numbers of claimants and the identity and location of the replacement dwelling to which the claim applies. The information may be required in the form of data processing media or other media and in a format that is compatible with the recordkeeping processes of the counties and the auditing procedures of the state.

(c) (1) To receive the property tax relief under this section, a claim shall be filed within three years of the date the replacement dwelling was purchased or the new construction of the replacement dwelling was completed.

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

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

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

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

(ii) Any subsequent new construction occurring with respect to the subject real property that does not qualify for property tax relief pursuant to the criteria set forth in subparagraphs (A) and (B) of paragraph (7) of subdivision (e).

(d) For the purposes of this section, the following terms have the following meanings:

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

(2) "Taxable value of the original property" means its base year value, as determined in accordance with Section 110.1, with the adjustments permitted by subdivision (b) of Section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, determined as of the date that the original property is sold by the claimant, or in the case where the original property has been substantially damaged or destroyed by wildfire or natural disaster and the owner does not rebuild on the original property, determined as of the date immediately before the wildfire or natural disaster.

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

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

(5) For purposes of this section, an original dwelling or replacement dwelling shall be not be considered a multiunit dwelling if: (A) there is a dwelling unit on the property, (B) the only other units on the real property are accessory dwelling units or junior accessory dwelling units, (C) any accessory dwelling units and junior accessory dwelling units are not separately alienable from the title of any other dwelling unit on the property, and (D) the claimant occupies one of the structures as their primary residence.

(6) For the purposes of this subdivision, except as otherwise provided in paragraph (7) of subdivision (e), if the replacement dwelling is, in part, purchased and, in part, newly constructed, the date the "replacement dwelling is purchased or newly constructed" is the date of purchase or the date of completion of construction, whichever is later.

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

(8) "Full cash value of the original property" means either of the following, as applicable:

(A) Its new base year value, in accordance with Section 75.8, without the application of subdivision (c) of Section 2.1 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article XIII A and subdivision (f) of Section 110.1 for the period from the date of its sale by the claimant to the date on which the replacement dwelling was purchased or new construction was completed.

(B) In the case where the original property has been substantially damaged or destroyed by wildfire or natural disaster and the owner does not rebuild on the original property, its full cash value, as determined in accordance with Section 110, immediately before its substantial damage or destruction by wildfire or natural disaster, as determined by the assessor of the county in which the property is located, without the application of subdivision (c) of Section 2.1 of Article XIII A of the California Constitution, plus the adjustments permitted by subdivision (b) of Section 2 of Article XIII A of the California Constitution and subdivision (f) of Section 110.1, for the period from the date of its sale by the claimant to the date on which the replacement property was purchased or new construction was completed.

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

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

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

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

(13) "Equal or lesser value" means that the amount of the full cash value of a replacement dwelling does not exceed one of the following:

(A) One hundred percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed prior to the date of the sale of the original property.

(B) One hundred and five percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the first year following the date of the sale of the original property.

(C) One hundred and ten percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the second year following the date of the sale of the original property.

(14) For the purposes of this section, original property is "substantially damaged or destroyed by wildfire or natural disaster" if either the land or the improvements sustain physical damage amounting to more than 50 percent of either the land's or the

improvement's full cash value immediately before the wildfire or natural disaster. Damage includes a diminution in the value of the original property as a result of restricted access caused by the wildfire or natural disaster.

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

(A) The date the original property is sold.

(B) The date the replacement dwelling is purchased.

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

(2) If the full cash value of the replacement dwelling is of equal or lesser value than that of the original property, the taxable value shall be deemed to be the taxable value of the original property.

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

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

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

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

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

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

(B) The fair market value of the new construction on the date of completion, plus the full cash value of the replacement dwelling on the date of acquisition, is not more than the full cash value of the original property as determined pursuant to paragraph (8) of subdivision (d) for purposes of granting the original claim.

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

(g) (1) After consultation with the California Assessors' Association, the Board of Equalization shall, by emergency regulation, adopt regulations and produce claim forms and instructions necessary to implement this section and Section 2.1 of Article XIII A of the California Constitution.

(2) Any emergency regulation prescribed, adopted, or enforced pursuant to this section shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and, for purposes of that chapter, including Section 11349.6 of the Government Code, the adoption of the regulation is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare.

SEC. 4. The Legislature finds and declares that Sections 2 and 3 of this act, which add Sections 63.2 and 69.6 to the Revenue and Taxation Code, respectively, impose limitations on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that

constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

(a) Claims filed under Sections 63.2 and 69.6 of the Revenue and Taxation Code contain taxpayer sensitive personal information, including social security numbers, dates of birth, home addresses, home telephone numbers, marital status, adoption status, financial matters, and medical information. Notwithstanding Section 3 of Article I of the California Constitution, county assessors have a responsibility and an obligation to safeguard from public access a taxpayer's personal information with which it has been entrusted.

(b) The right to privacy is a personal and fundamental right protected by Section 1 of Article I of the California Constitution and by the United States Constitution. All individuals have a right of privacy in information pertaining to them.

(c) This state has previously recognized, in Sections 63.1 and 69.5 of the Revenue and Taxation Code, the importance of protecting the confidentiality and privacy of an individual's personal and financial information contained in homeowners' exemption claims, property statements, and change of ownership statements filed with county assessors for property tax purposes.

(d) In addition to the right of privacy, there is a need to protect from public disclosure personal information due to the growing prevalence and debilitating nature of identity theft.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the duties imposed on a local agency or school district by this act are necessary to implement, or were expressly included in, a ballot measure approved by the voters in a statewide or local election, within the meaning of Section 17556 of the Government Code.

SEC. 6. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect.