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Title 22@ Social Security

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Division 3@ Health Care Services

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Subdivision 1@ California Medical Assistance Program

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Chapter 2@ Determination of Medi-Cal Eligibility and Share of Cost

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Article 9@ PROPERTY

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Section 50485@ Business Property

50485 Business Property

(a)

Equipment, inventory, licenses and materials owned by the applicant or beneficiary which are necessary for employment, for self-support or for an approved plan of rehabilitation or self-care necessary for employment shall be exempt. (1) Equipment, inventory, licenses and materials shall be considered necessary for employment if either of the following conditions is met: (A) The applicant's or beneficiary's employer requires that the applicant or beneficiary provide this property as a condition of employment. (B) The applicant or beneficiary is currently unemployed but has been required to use this property for employment in the past and can provide reasonable evidence that the applicant or beneficiary is actively seeking employment which will require the use of the same property. This property shall be exempt for a maximum of one year from the date the beneficiary became unemployed if this condition is met. (2) Equipment, inventory, licenses and materials shall be considered necessary for self-support if the applicant or beneficiary obtains a reasonable rate of return from the use of this property. (A) A business or means of self-support that has been in existence for more than one year shall be considered to be realizing a reasonable rate of return if it is earning an annual net income equal to six percent of the net market value of the property. Net income shall be determined in accordance with Sections 50505 and 50517(a)(5). (B) A business or means of self-support that has been in

existence for more than one year and is not earning net income equal to six percent of the net market value of the property shall be considered to be providing a reasonable rate of return for a maximum of six months if the applicant or beneficiary can show by objective evidence that the property will begin earning six percent within six months. (C) A business or means of self-support shall not be required to realize any actual income during the first year of operation in order to meet the requirement for realizing a reasonable rate of return. (D) A business or means of self-support that has been in existence for more than one year and is resumed after an illness, or a period of convalescence from an illness or injury, shall not be required to realize any actual income during the first six months of resumed operation in order to meet the requirement for realizing a reasonable rate of return. (E) A business or means of self-support that has provided the applicant or beneficiary with income in the past shall be considered to be providing a reasonable rate of return for a maximum of one year during a period when it is not in operation if the applicant or beneficiary can provide evidence that both of the following conditions are met: 1. The business or means of self-support is not in operation due to reasons beyond the applicant's or beneficiary's control. 2. Operation will be resumed within one year of the date operation ceased. (3) Equipment, inventory, licenses and materials shall be considered necessary for an approved plan of rehabilitation or self-care necessary for employment if the county department determines that the property is necessary for any of the following: (A) Training which will lead to employment or self-support. (B) Future employment or a means of self-support that will result from a plan of rehabilitation established by the county or the Department of Rehabilitation. (C) Employment or a means of self-support that will continue after a period of illness or a period of convalescence or both.

(1)

Equipment, inventory, licenses and materials shall be considered necessary for employment if either of the following conditions is met: (A) The applicant's or beneficiary's employer requires that the applicant or beneficiary provide this property as a condition of employment. (B) The applicant or beneficiary is currently unemployed but has been required to use this property for employment in the past and can provide reasonable evidence that the applicant or beneficiary is actively seeking employment which will require the use of the same property. This property shall be exempt for a maximum of one year from the date the beneficiary became unemployed if this condition is met.

(A)

The applicant's or beneficiary's employer requires that the applicant or beneficiary provide this property as a condition of employment.

(B)

The applicant or beneficiary is currently unemployed but has been required to use this property for employment in the past and can provide reasonable evidence that the applicant or beneficiary is actively seeking employment which will require the use of the same property. This property shall be exempt for a maximum of one year from the date the beneficiary became unemployed if this condition is met.

(2)

Equipment, inventory, licenses and materials shall be considered necessary for self-support if the applicant or beneficiary obtains a reasonable rate of return from the use of this property. (A) A business or means of self-support that has been in existence for more than one year shall be considered to be realizing a reasonable rate of return if it is earning an annual net income equal to six percent of the net market value of the property. Net income shall be determined in accordance with Sections 50505 and

50517(a)(5). (B) A business or means of self-support that has been in existence for more than one year and is not earning net income equal to six percent of the net market value of the property shall be considered to be providing a reasonable rate of return for a maximum of six months if the applicant or beneficiary can show by objective evidence that the property will begin earning six percent within six months.

(C) A business or means of self-support shall not be required to realize any actual income during the first year of operation in order to meet the requirement for realizing a reasonable rate of return. (D) A business or means of self-support that has been in existence for more than one year and is resumed after an illness, or a period of convalescence from an illness or injury, shall not be required to realize any actual income during the first six months of resumed operation in order to meet the requirement for realizing a reasonable rate of return. (E) A business or means of self-support that has provided the applicant or beneficiary with income in the past shall be considered to be providing a reasonable rate of return for a maximum of one year during a period when it is not in operation if the applicant or beneficiary can provide evidence that both of the following conditions are met: 1. The business or means of self-support is not in operation due to reasons beyond the applicant's or beneficiary's control. 2. Operation will be resumed within one year of the date operation ceased.

(A)

A business or means of self-support that has been in existence for more than one year shall be considered to be realizing a reasonable rate of return if it is earning an annual net income equal to six percent of the net market value of the property. Net income shall be determined in accordance with Sections 50505 and 50517(a)(5).

(B)

A business or means of self-support that has been in existence for more than one year and is not earning net income equal to six percent of the net market value of the property shall be

considered to be providing a reasonable rate of return for a maximum of six months if the applicant or beneficiary can show by objective evidence that the property will begin earning six percent within six months.

(C)

A business or means of self-support shall not be required to realize any actual income during the first year of operation in order to meet the requirement for realizing a reasonable rate of return.

(D)

A business or means of self-support that has been in existence for more than one year and is resumed after an illness, or a period of convalescence from an illness or injury, shall not be required to realize any actual income during the first six months of resumed operation in order to meet the requirement for realizing a reasonable rate of return.

(E)

A business or means of self-support that has provided the applicant or beneficiary with income in the past shall be considered to be providing a reasonable rate of return for a maximum of one year during a period when it is not in operation if the applicant or beneficiary can provide evidence that both of the following conditions are met: 1. The business or means of self-support is not in operation due to reasons beyond the applicant's or beneficiary's control. 2. Operation will be resumed within one year of the date operation ceased.

1.

The business or means of self-support is not in operation due to reasons beyond the applicant's or beneficiary's control.

2.

Operation will be resumed within one year of the date operation ceased.

(3)

Equipment, inventory, licenses and materials shall be considered necessary for an

approved plan of rehabilitation or self-care necessary for employment if the county department determines that the property is necessary for any of the following: (A) Training which will lead to employment or self-support. (B) Future employment or a means of self-support that will result from a plan of rehabilitation established by the county or the Department of Rehabilitation. (C) Employment or a means of self-support that will continue after a period of illness or a period of convalescence or both.

(A)

Training which will lead to employment or self-support.

(B)

Future employment or a means of self-support that will result from a plan of rehabilitation established by the county or the Department of Rehabilitation.

(C)

Employment or a means of self-support that will continue after a period of illness or a period of convalescence or both.

(b)

Motor vehicles shall be considered equipment only if used for employment or for a means of self-support other than for commuting to and from work.

(c)

Cash on hand and money in checking accounts necessary for the functioning of a business or a means of self-support shall be exempt up to a maximum of three times the average monthly cash expenditures of the business.

(d)

Real property used in whole or in part as a business or as a means of self-support shall be considered other real property in accordance with Section 50427.

(e)

Stocks, bonds and other similar items of personal property shall not be considered

property necessary for employment or self-support even in those instances where the beneficiary holds stock in the corporation in which the beneficiary is employed.

(f)

A person who owns equipment, inventory, licenses and materials for self-support shall not be required to be personally involved in the business or means of self-support in order for the property to be exempt under (a).

(g)

The net market value of business equipment, inventory, licenses and materials shall be the amount listed by the applicant or beneficiary on the Statement of Facts, unless the county department determines that Sections 50442 through 50489 provide a method of valuing the specific item of property or that further verification is required. (1) If any of the sections between Sections 50442 and 50489 can be applied as a method of valuing the specific item of property that method shall be used. (2) If the county determines that further verification is required and Sections 50442 through 50489 do not apply: (A) The applicant or beneficiary shall submit an appraisal from an appropriate dealer, insurance adjuster or personal property appraiser. The value listed on the appraisal shall be the market value. (B) The county shall subtract encumbrances of record from the market value. This is the net market value.

(1)

If any of the sections between Sections 50442 and 50489 can be applied as a method of valuing the specific item of property that method shall be used.

(2)

If the county determines that further verification is required and Sections 50442 through 50489 do not apply: (A) The applicant or beneficiary shall submit an appraisal from an appropriate dealer, insurance adjuster or personal property appraiser. The

value listed on the appraisal shall be the market value. (B) The county shall subtract encumbrances of record from the market value. This is the net market value.

(A)

The applicant or beneficiary shall submit an appraisal from an appropriate dealer, insurance adjuster or personal property appraiser. The value listed on the appraisal shall be the market value.

(B)

The county shall subtract encumbrances of record from the market value. This is the net market value.