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No. 2019/002

January 14, 2019

TO COUNTY ASSESSORS:

DISASTER RELIEF: NOTIFICATION OF INELIGIBILITY

Under Revenue and Taxation Code¹ section 170, county boards of supervisors may enact an ordinance² allowing any taxpayer whose property was damaged or destroyed without his or her fault to apply for reassessment. If the county enacts an ordinance, assessors must revalue property that is physically damaged by the disaster. While some county ordinances give the assessor the authority to reassess without an application, generally taxpayers must file an application with the assessor before the date specified in the ordinance, or within 12 months of the misfortune or calamity, whichever is later, to receive disaster relief.

Upon receipt of a complete application, the assessor must then appraise the property, and determine separately the full cash value of the land and improvements before and after the disaster. If the value of the damage exceeds \$10,000, the assessor reduces the value to reflect the disaster's impact, and sends a notice to the taxpayer of the new assessed value. As of January 1, 2019, the county assessor must also notify a taxpayer if their property is ineligible for disaster relief.

Currently under section 194.1, taxpayers affected by a disaster in which the Governor has proclaimed a state of emergency can also file a claim to postpone the next installment of property taxes that occurs immediately after the disaster. This postpones that payment without penalty or interest until the county assessor reassesses the property. To qualify for deferral, property eligible for the homeowners' exemption must have damage amounting to at least 10 percent of its fair market value or \$10,000, whichever is less. For all other property, the damage must be at least 20 percent of its fair market value immediately preceding the disaster causing the damage.³ After the reassessment, the tax collector issues a corrected tax bill, which taxpayers must pay within 30 days.

However, current law only sets the 30-day deadline for taxpayers who are reassessed and does not specify the deadline for taxpayers who file a claim for deferment, but the assessor determines that the property is not eligible for reassessment. While the law requires a delinquency penalty to be levied when a taxpayer is granted deferral of tax payments and the assessor determines the property owner did not file the claim in good faith, it does not address the situation in which the

¹ All statutory references are to the Revenue and Taxation Code, unless otherwise provided.

² Of the 58 California counties, 57 counties have enacted section 170 ordinances.

³ Section 194(f).

property owner files a claim in good faith, but the assessor determines that the property is ineligible.

Effective January 1, 2019, Assembly Bill 3122 (Stats. 2018, ch. 149) amends section 194.1 to clarify deadlines for property tax payments when taxpayers apply for payment deferral due to a disaster.

- Where a property owner has filed a claim for disaster relief and deferral of the next property tax bill installment, the assessor has reassessed the property, and a corrected tax bill has been sent to the property owner, AB 3122 clarifies that the current year's taxes are to be paid by either December 10 for the first installment or April 10 for the second installment, or 30 days after the date the corrected bill is mailed or electronically submitted to the property owner, whichever is later.
- When a property owner has filed for disaster relief and deferral of the next property tax bill installment, but the real property is *not* eligible for disaster relief, AB 3122 provides that the property tax bill must be paid by the later of the following:
 - (1) Either December 10 for the first installment or April 10 for the second installment.
 - (2) Within 30 days of the date of mailing printed on the assessor's notice or the postmark date on the county assessor's notice, whichever is later.

Thus, when a county assessor determines that a property is not eligible for disaster relief, the assessor must notify the property owner of the property's ineligibility. In addition, the county assessor must communicate with the county tax collector so that the tax collector knows what property is ineligible for disaster relief and the date of mailing of the notice to the property owner.

A copy of amended section 194.1, with changes denoted in ~~strikeout~~/*italicized* format, is enclosed. If you have any questions regarding disaster relief, please contact our Assessment Services and Training Unit at 1-916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung, Chief
County-Assessed Properties Division
Property Tax Department

DY:gs
Enclosure

Effective January 1, 2019, section 194.1 of the Revenue and Taxation Code is amended to read:

194.1. (a) Any owner of eligible property who files on or before the next property tax installment payment date, *as defined in Section 194*, a claim for reassessment pursuant to Section 170, or whose property is otherwise reassessed pursuant to Section 170, ~~may~~ *may*, in conjunction with the claim for reassessment, apply to the county assessor to defer payment of that installment of property taxes on the regular secured roll for the current fiscal year with respect to that property which are due no later than that date which immediately follows the disaster which resulted in substantial disaster damage. ~~If~~

(b) If, pursuant to Section 170, a timely claim for deferral is filed, the payment shall be deferred without penalty or interest until ~~the assessor has reassessed~~ one of the following occur:

(1) The assessor has reassessed the property and a corrected bill prepared pursuant to Section 170 has been sent to the property owner. Taxes on the corrected tax bill deferred pursuant to this ~~section~~ paragraph are due and payable for the current year taxes on either December 10 for the first installment or April 10 for the second installment, or 30 days after receipt by the owner of the corrected tax bill and if unpaid thereafter are the date that the bill is mailed or electronically transmitted to the owner, whichever is later. If the taxes on the corrected bill are unpaid thereafter, the taxes become delinquent as provided in Section 2610.5 and shall be subject to the penalty provided by law.

(2) The assessor has determined that the property is not eligible to be reassessed pursuant to Section 170, and the assessor has so notified the property owner. Taxes deferred pursuant to this paragraph are due and payable for the current year taxes on either December 10 for the first installment or April 10 for the second installment, or within 30 days of the latter of the date of mailing printed on the assessor's notice or the postmark date on the assessor's notice, whichever is later. If deferred taxes are unpaid thereafter, the taxes become delinquent as provided in Section 2610.5 and shall be subject to the penalty provided by law.

~~(b)~~*(c) If, following reassessment pursuant to subdivision (a), the assessor determines that an owner who applied and was granted a deferral of property taxes did not file the claim in good faith, the owner shall be assessed a delinquency penalty for the nonpayment of the deferred taxes.*

~~(e)~~*(d) This section does not apply to property taxes paid through impound accounts.*