Disaster Frequently Asked Questions and Overview

1. What is disaster relief for property taxes?

Revenue and Taxation Code section 170 and Santa Barbara County Disaster Ordinance 4697 provides that if a major calamity such as fire, earthquake, or flooding damages or destroys your property, you may be eligible for property tax relief. In such cases, the assessor will reappraise the property to reflect its damaged condition. In addition, when it is rebuilt in a like or similar manner, meaning a home of the same size, quality and room count, the property will retain its prior value (Proposition 13) for tax purposes. Rebuilt areas that exceed the original square footage, and/or have upgrades to quality or purpose, will be assessed as taxable new construction under section 70

To qualify for property tax relief, you must file a claim within 12 months from the date of damage or destruction. The loss estimate must be at least 10 percent of its fair market value or $10,000 of current market value to qualify the property for this relief. The property will be reassessed according to its damaged state and property taxes will be adjusted as a supplemental refund accordingly.

This property tax relief is available to owners of real property, business equipment and fixtures, orchards or other agricultural groves, and to owners of aircraft, boats, and certain mobile homes - it is not available to property that is not assessable, such as state licensed mobile homes or household furnishings.

2. What is a major calamity?

The courts have defined "disaster, misfortune, or calamity" as some event out of the ordinary; an unforeseeable, sudden, or unusual occurrence, in contrast to gradual deterioration or worsening condition over time. Damage to a building or land that occurs gradually due to ordinary natural forces is not caused by a major calamity.

3. What are the filing procedures for disaster relief?

The form is available in each office or can be downloaded from our website.

To qualify for property tax relief, the owner must file a calamity claim form or have a staff initiated review of the damage within 12 months from the date the property was damaged or destroyed.

4. How does the disaster relief affect a property tax bill?

The current property taxes will be reduced for that portion of the property damaged or destroyed. This reduction will be from the first day of the month in which the damage occurred, and will remain in effect until the property is rebuilt or repaired. Once repair, reconstruction or rehabilitation is complete, a supplemental tax notice will be issued for the date of completion.

5. How does the tax deferment program work?

If the property has been substantially damaged or destroyed in a Governor-proclaimed disaster and a disaster relief claim is completed requesting reassessment and property tax deferral, a copy of the disaster form is sent to the Tax Collector’s office immediately upon receipt. If the claim is filed before the next property tax installment payment date, that payment will be postponed without penalty or interest until the assessor has reassessed the property and issued a supplemental refund. Once the refund has been issued, the taxpayer must pay the deferred bill within 30 days to avoid penalty.

To qualify for deferral, for property receiving a homeowners' exemption, "substantial disaster damage" means 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 value. However, tax deferral is not available where property taxes are paid through impound accounts.

6. **A house was damaged in an area that was proclaimed a disaster by the Governor. The owner does not want to rebuild in that same location. Can they buy another house in the same county and transfer the base year value of the damaged house to the new house?**

   Yes, section 69 provides for this relief under certain circumstances:

   The damaged property must amount to more than 50 percent of its full cash value immediately prior to the disaster. This applies to any type of real property.

   The property must be transferred to a comparable replacement property, acquired or newly constructed, within the same county and within five years after the disaster.

   Comparability is crucial - the replacement property must be similar in size, utility, and function to the property which it replaces.

   The replacement property must not exceed 120 percent of the full cash value of the property damaged or destroyed. Any amount of the full cash value of the replacement property that exceeds 120 percent of the full cash value of the damaged property (immediately prior to the damage) shall be added to the adjusted base year value of the damaged property. The sum of these amounts shall become the replacement property's replacement base year value.

   To qualify, the owner must request this relief from the assessor within 12 months of the disaster. Owner's must fill out BOE form 65-P.

7. **Can an owner buy another house in a different county and transfer the base year value of their damaged house to that new house?**

   A principal residence that was damaged in an area that was a Governor-proclaimed disaster that occurred on or after October 20, 1991 may have its base year value transferred to a replacement residence in a different county only if the county has adopted an ordinance that allows such taxable value transfers. As of October 2007, there are eight counties that have such an ordinance: Contra Costa, Los Angeles, Modoc, San Francisco, Santa Clara, Solano, Sutter, and Ventura. The replacement residence must meet the following criteria:

   It must be purchased within three years of the disaster.

   Its market value must be of equal or lesser value than the market value of the damaged property immediately prior to the date of the disaster.

   It must be eligible for the homeowners' or disabled veterans' exemption (your principal place of residence).

   Claims for this exclusion must be filed on BOE form 65-PT.

8. **After the property is rebuilt or repaired following the damage, will the property taxes be increased over what they were before?**

   No. Property owners will retain their previous factored base year value if the house is rebuilt in a like or similar manner, regardless of the actual cost of construction. However, any new square footage or extras, such as additional baths, will be added supplementally to the base year value at its full market value.

9. **The fruit and trees in an orchard were damaged by heavy wind and rain storms. The owner lost some branches and a lot of the fruit. Additionally, they are sure to have a lesser crop next year. Does this qualify as disaster relief?**

Growing crops cannot qualify for calamity reassessment because they are not taxable. If the trees sustained physical damage of at least $10,000, they may qualify for reassessment; however, the mere possibility of a lesser crop next year does not fall within the definition of physical damage to the property.

10. A house has a cracked slab. Does this qualify as a calamity?

No. Although any construction defect will adversely affect the value of the property, it does not qualify for relief under this program. A court decision has determined that since the damage occurred gradually due to natural forces and not as a sudden event out of the ordinary, an exact date cannot be established. Therefore, there can be no reduction under this provision.

11. How does a taxpayer know the amount of property taxes to be refunded if the house was only partially destroyed by a fire?

An appraiser from our office will determine the market value of the house before and after the damage. The percentage of the loss is then applied to the assessed value of the house and a refund is issued. The land value will typically remain unchanged unless there is substantial damage to the land value components such as landscaping, driveways, or utility systems.

12. Once an application is filed, what is the process?

After an application is processed by our office, a notice of proposed new assessment must be sent to the taxpayer. The notice states the taxable value before and after the disaster and also advises the taxpayer of special appeal rights that exist for up to six months after receiving the value notification. A separate supplemental refund is also made based on the amount of reduction. The refund will be prorated from the first day of the month in which the destruction occurred, to the end of the fiscal year. The owner must still pay your regular tax bill unless they have also applied for deferment with the Tax Collector’s office.

13. What if an owner disagrees with the value as determined by the assessor's office?

If an owner disagrees with the value established by the assessor's office, they must file an appeal within six months from the date on the notification of proposed values. A hearing will be scheduled by the Clerk of the Board in the usual manner.

14. A small plane was completely destroyed in a crash due to a mechanical failure. Can the owner of the plane qualify for reassessment under section 170 as property damaged by calamity?

Yes. Although misfortune or calamity is typically associated with natural physical forces, it may be broadened to include sudden, unexpected man-made causes such as non-deliberate mechanical failure on the plane. Thus, an owner’s personal property tax bill could be adjusted to reflect the zero value of the damaged plane as of the date of the crash and prorated for the current and ensuing fiscal years.

15. A home was damaged by fire in November and the owners had to move out while it is being repaired. Are they still allowed the homeowner's exemption even though they will not have returned to their home as of January 1?

Yes. Temporary absence from a dwelling for repairs made necessary by a natural disaster will not result in the loss of the homeowner's exemption as long as they have not established permanent housing elsewhere.

16. **A home was damaged by an electrical fire last year, but they don't want to rebuild. Can the owners transfer their base year value to another house?**

If at least one of the owners are over age 55 or disabled and claim their principal residence has been substantially damaged or destroyed by any type of misfortune or calamity, they may transfer the base year value under the provisions of Propositions 60/90/110 if the damaged residence is sold and another residence of equal or lesser value is purchased or newly constructed within two years of the sale of the property in its damaged state. A timely claim must be filed with the county assessor. For more information and qualifications, see the FAQs for Propositions 60/90/110 under Real Property Exclusions or Letter To Assessors No. 2006/010.

DISASTER RELIEF QUICK REFERENCE CHART

Revenue and Taxation Code	Property Type	Type of Relief Available	Type of Disaster
Section 70	Real property only	New construction exclusion	Any disaster or calamity
Section 170	All property types	New construction exclusion	Governor-proclaimed; Any disaster or calamity
Section 69	All property types	Base year transfer	Governor-proclaimed
Section 69.3	Principal place of residence	Base year transfer	Governor-proclaimed
Section 69.5	Principal place of residence — over 55 or physically disabled	Base year transfer	Any disaster or calamity
Sections 172 & 172.1	Manufactured home	Base year transfer	Governor-proclaimed
Section 5825	Manufactured home	New construction exclusion; Base year transfer	Any disaster or calamity
Section 194	Real property and manufactured homes	Property tax deferral	Governor-proclaimed