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FISCAL IMPACT REPORT

SPONSOR Ortiz y Pino DATE TYPED 03/14/05 HB _____

SHORT TITLE Poverty Level Property Tax Exemption, CA SB SJR 9/aSRC

ANALYST Ford

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	(\$0.1) Minimal		Recurring	Local Funds

(Parenthesis () Indicate Revenue Decreases)

Relates to HJR 12, HJR 13

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

SUMMARY

Synopsis of SRC Amendment

The Senate Rules Committee amendment changes the title of the resolution to accurately reflect the effect of the resolution. The new title makes clear that the property tax exemption applies to persons whose family income is at or below the poverty level and are determined to be disabled or blind.

Synopsis of Original Bill

Senate Joint Resolution 9 proposes to amend the state constitution to exempt from property taxes the property of persons whose income is at or below the federal poverty level and who is blind or permanently disabled pursuant to the federal social security act and is determined to have a permanent and total disability pursuant to the workers' compensation act. The proposed amendment is subject to voter approval.

Significant Issues

The resolution proposes to enact a property tax exemption for a small group of people – those who are at or below the federal poverty level *and* are blind or permanently disabled pursuant to the social security act *and* have permanent total disability pursuant to the workers’ compensation act. It may be that the intent for the bill was for either of these two latter conditions to be met, not both; however, as written, both conditions would have to be met.

FISCAL IMPLICATIONS

If approved by the voters, this resolution would result in a revenue loss to local funds. Because the affected group of taxpayers is small, the impact is likely to be minimal. An analysis by the Taxation and Revenue Department is not yet available.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Joint Resolution 12 would increase the maximum limit of mills that can be levied on property without a special election and would impose the first 2 mills statewide with revenue dedicated to public school funding. House Joint Resolution 13 would amend the constitution to exempt certain properties from taxation.

TECHNICAL ISSUES

The resolution incorrectly references the federal poverty “level.” As DFA notes, it should reference the federal poverty “guidelines” which is the correct technical term used by the federal government.

It is unclear if the resolution intends for persons to meet both disability requirements or just one of the two.

It is unclear if the exemption is intended to apply only to those whose permanent disability is the result of a job-related injury or if the reference to the workers’ compensation act is meant only to provide a set of guidelines for determining disability. This provision should be clarified.

EF/lg:yr