

CHAPTER 237

An act making an appropriation to pay the claim of Mr. and Mrs. Jack Wolsey, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor May 8, 1974 Filed with
Secretary of State May 8, 1974]

The people of the State of California do enact as follows:

SECTION 1. The sum of nine thousand six hundred eighty dollars (\$9,680) is hereby appropriated from the General Fund to the Board of Control for payment of the claim of Mr. and Mrs. Jack Wolsey against the State of California.

The Board of Control shall verify the losses sustained by Mr. and Mrs. Jack Wolsey and make payment to compensate for such losses in an amount not to exceed nine thousand six hundred eighty dollars (\$9,680).

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting such necessity are:

In order to settle the claim of Mr. and Mrs. Jack Wolsey for damage caused to their property by the Department of Food and Agriculture and thereby alleviate the financial hardship to the damaged persons as quickly as possible, it is necessary for this act to take effect immediately.

CHAPTER 238

An act to add Sections 17299 and 24436.5 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor May 10, 1974 Filed with
Secretary of State May 10, 1974]

The people of the State of California do enact as follows:

SECTION 1. Section 17299 is added to the Revenue and Taxation Code, to read:

17299. (a) Notwithstanding any other provisions in this part to the contrary, in the case of a taxpayer who derives rental income from substandard housing located in this state, no deduction shall be allowed for interest, taxes, depreciation or amortization paid or incurred in the taxable year with respect to such substandard housing, except as provided in subdivision (c).

(b) Substandard housing means housing which (1) has been determined by a state or local government regulatory agency to

violate state law or local codes dealing with health, safety, or building; and (2) after written notice of violation by the regulatory agency has not been brought to a condition of compliance within six months after the date of the notice or the time prescribed in the notice, whichever period is later; or on which good faith efforts for compliance have not been commenced, as determined by the regulatory agency. The regulatory agency may, for good cause shown, extend the compliance date prescribed in a violation notice.

(c) When the period specified in subdivision (b) has expired without compliance, the regulatory agency shall mail to the taxpayer a notice of noncompliance. The notice of noncompliance shall be in such form and shall include such information as may be prescribed by the Franchise Tax Board, shall be mailed by certified mail to the taxpayer at his last known address, and shall advise the taxpayer (1) of an intent to notify the Franchise Tax Board of such noncompliance within 10 days unless an appeal is filed, (2) where an appeal may be filed, and (3) a general description of the tax consequences of such filing with the Franchise Tax Board. Appeals shall be made to the same body and in the same manner as appeals from other actions of the regulatory agency. If no appeal is made within 10 days or after disposition of the appeal if the regulatory agency is sustained, the regulatory agency shall notify the Franchise Tax Board of such noncompliance. No deduction shall be allowed for the items provided in subdivision (a) from the date of the notice of noncompliance until the date the regulatory agency determines that the substandard housing has been brought to a condition of compliance. The regulatory agency shall mail to the Franchise Tax Board and the taxpayer a notice of compliance, which notice shall be in such form and include such information as may be prescribed by the Franchise Tax Board. In the event the period of noncompliance does not cover an entire taxable year, the deductions shall be denied at the rate of one-twelfth for each full month during the period of noncompliance.

(d) For the purposes of this section, a notice of noncompliance shall not be mailed by the regulatory agency to the Franchise Tax Board if:

(1) The rental housing was rendered substandard solely by reason of earthquake, flood or other natural disaster except where such condition remains for more than three years after the disaster, or

(2) The owner of the rental housing has attempted to:

(A) Secure financing to bring such housing into compliance with those laws or codes which have been violated, causing such housing to be classified as substandard; and

(B) Such financing is not available because such housing is located in an area in which lenders have a policy of not making loans for rehabilitation of any structures in such area.

(e) The provisions of this section do not apply to deductions from income derived from property rendered substandard solely by reason of a change in applicable state or local housing standards

unless such violations cause substantial danger to the occupants of such property, as determined by the regulatory agency which has served notice of violation pursuant to subdivision (b).

SEC. 2. Section 24436.5 is added to the Revenue and Taxation Code, to read:

24436.5. (a) In the case of a taxpayer who derives rental income from substandard housing located in this state, no deductions for interest, depreciation, taxes or amortization under Section 24343, 24344, 24345, 24349 or 24354.2 shall be allowed which relate to such substandard housing.

(b) Substandard housing means housing which (1) has been determined by a state or local government regulatory agency to violate state law or local codes dealing with health, safety, or building; and (2) after written notice of violation by the regulatory agency has not been repaired or brought to a condition of compliance within six months after the date of the notice or the time prescribed in the notice, whichever period is longest; or on which good faith efforts for compliance have not been commenced, as determined by the regulatory agency. The regulatory agency may, for good cause shown, extend the compliance date prescribed in a violation notice.

(c) When the period specified in subdivision (b) has expired without compliance, the government regulatory agency shall mail to the taxpayer a notice of noncompliance. The notice of noncompliance shall be in such form and shall include such information as may be prescribed by the Franchise Tax Board, shall be mailed by certified mail to the taxpayer at his last known address, and shall advise the taxpayer (1) of an intent to notify the Franchise Tax Board of such noncompliance within 10 days unless an appeal is filed, (2) where an appeal may be filed, and (3) a general description of the tax consequences of such filing with the Franchise Tax Board. Appeals shall be made to the same body and in the same manner as appeals from other actions of the regulatory agency. If no appeal is made within 10 days or after, disposition of the appeal if the regulatory agency is sustained, the regulatory agency shall notify the Franchise Tax Board of such noncompliance. No deduction shall be allowed for the items provided in subdivision (a) from the date of the notice of noncompliance until the date the regulatory agency determines that the substandard housing has been brought to a condition of compliance. The regulatory agency shall mail to the Franchise Tax Board and the taxpayer a notice of compliance, which notice shall be in such form and include such information as may be prescribed by the Franchise Tax Board. In the event the period of noncompliance does not cover an entire income year, the deductions shall be denied at the rate of one-twelfth for each full month during the period of noncompliance.

(d) For the purposes of this section, a notice of noncompliance shall not be mailed by the regulatory agency to the Franchise Tax Board if:

(1) The rental housing was rendered substandard solely by reason of earthquake, flood or other natural disaster except where such condition remains for more than three years after the disaster, or

(2) The owner of the rental housing has attempted to:

(A) Secure financing to bring such housing into compliance with those laws or codes which have been violated, causing such housing to be classified as substandard; and

(B) Such financing is not available because such housing is located in an area in which lenders have a policy of not making loans for rehabilitation of any structures in such area.

(e) The provisions of this section do not apply to deductions from income derived from property rendered substandard solely by reason of a change in applicable state or local housing standards unless such violations cause substantial danger to the occupants of such property, as determined by the regulatory agency which has served notice of violation pursuant to subdivision (b).

SEC. 3. On or before July 1, 1978, the Legislative Analyst shall make a written report to the Legislature on the effect of this act, together with comments and recommendations.

SEC. 4. The sum of fifty-three thousand two hundred dollars (\$53,200) is hereby appropriated from the General Fund to the State Controller for allocation and disbursement to local agencies pursuant to Section 2231 of the Revenue and Taxation Code to reimburse such agencies for costs incurred by them pursuant to this act.

SEC. 5. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect. However, Section 1 of this act shall apply to taxable years beginning on or after January 1, 1975, but shall have no force or effect with respect to taxable years which begin on or after January 1, 1979, and Section 2 of this act shall apply to income years which begin on or after January 1, 1975 but shall have no force or effect with respect to income years beginning on or after January 1, 1979.

CHAPTER 239

An act to add Section 9310 to the Welfare and Institutions Code, relating to aging, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor May 10, 1974 Filed with
Secretary of State May 10, 1974]

The people of the State of California do enact as follows:

SECTION 1. Section 9310 is added to the Welfare and Institutions Code, to read:

9310. (a) The office shall provide appropriate flu vaccine to local governmental or private, nonprofit agencies at no charge in order