

AMENDED IN SENATE APRIL 11, 2002

SENATE BILL

No. 1631

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Introduced by Senator Morrow

February 21, 2002

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~~An act to add and repeal Sections 17053.13 and 23613 of the Revenue~~  
*An act to add Section 107.4 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1631, as amended, Morrow. ~~Personal income and bank and corporation taxes: credits: military housing~~ *Taxation of possessory interests.*

~~The Personal Income Tax Law and the Bank and Corporation Tax Law authorize various credits against the taxes imposed by those laws.~~

~~This bill would authorize a credit against those taxes for each taxable year beginning on or after January 1, 2003, and before January 1, 2008, in an amount equal to the property tax paid or incurred during the taxable year that is attributable to any rental housing to accommodate members of the Armed Forces and their families.~~

~~Existing property tax law requires that all property subject to tax be assessed at its full value, and includes certain possessory interests among those property interests subject to tax. Existing property tax law defines a taxable possessory interest to be independent, durable, and exclusive.~~

~~This bill would provide that, for purposes of the definition of a taxable possessory interest, a possession or use is not independent if it is pursuant to a contract, including a long-term lease, for the private construction, rehabilitation, management, or maintenance of housing~~

for active duty military personnel and their dependents, if the housing units meet specified criteria.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.

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

- 1     ~~SECTION 1. Section 17053.13 is added to the Revenue and~~
- 2     SECTION 1. Section 107.4 is added to the Revenue and
- 3     Taxation Code, to read:
- 4     107.4. For purposes of paragraph (1) of subdivision (a) of
- 5     Section 107, a possession or use of land or improvements is not
- 6     independent if that possession or use is pursuant to a contract,
- 7     including, but not limited to, a long-term lease, for the private
- 8     construction, rehabilitation, management, or maintenance of
- 9     housing for active duty military personnel and their dependents,
- 10    if the housing units meet all of the following criteria:
- 11    (a) The housing units are contained entirely within the confines
- 12    of a federal military reservation.
- 13    (b) The housing units do not utilize city or county emergency
- 14    services.
- 15    (c) The number and nature of housing units are set by the
- 16    military authority that exercises control over the choice of tenants
- 17    allowed to rent the housing units.
- 18    (d) Allowable rents for the housing units are set by the military
- 19    authorities and not by the contractor.
- 20    SEC. 2. Notwithstanding Section 2229 of the Revenue and
- 21    Taxation Code, no appropriation is made by this act and the state
- 22    shall not reimburse any local agency for any property tax revenues
- 23    lost by it pursuant to this act.



1     ~~SEC. 3. This act provides for a tax levy within the meaning of~~  
2     ~~Article IV of the Constitution and shall go into immediate effect.~~  
3     ~~Taxation Code, to read:~~

4     ~~17053.13. (a) For each taxable year beginning on or after~~  
5     ~~January 1, 2003, and before January 1, 2008, there shall be allowed~~  
6     ~~as a credit against the “net tax,” as defined in Section 17039, an~~  
7     ~~amount equal to the property tax paid or incurred during the~~  
8     ~~taxable year that is attributable to any rental housing to~~  
9     ~~accommodate members of the Armed Forces and their families.~~

10    ~~(b) In the case where the credit allowed by this section exceeds~~  
11    ~~the “net tax,” the excess may be carried over to reduce the “net~~  
12    ~~tax” in the following year, and succeeding years if necessary, until~~  
13    ~~the credit is exhausted.~~

14    ~~(c) This section shall remain in effect only until December 1,~~  
15    ~~2008, and as of that date is repealed.~~

16    ~~SEC. 2. Section 23613 is added to the Revenue and Taxation~~  
17    ~~Code, to read:~~

18    ~~23613. (a) For each taxable year beginning on or after~~  
19    ~~January 1, 2003, and before January 1, 2008, there shall be allowed~~  
20    ~~as a credit against the “tax,” as defined in Section 23036, an~~  
21    ~~amount equal to the property tax paid or incurred during the~~  
22    ~~taxable year that is attributable to any rental housing to~~  
23    ~~accommodate members of the Armed Forces and their families.~~

24    ~~(b) In the case where the credit allowed by this section exceeds~~  
25    ~~the “tax,” the excess may be carried over to reduce the “tax” in~~  
26    ~~the following year, and succeeding years if necessary, until the~~  
27    ~~credit is exhausted.~~

28    ~~(c) This section shall remain in effect only until December 1,~~  
29    ~~2008, and as of that date is repealed.~~

30    ~~SEC. 3. This act provides for a tax levy within the meaning of~~  
31    ~~Article IV of the Constitution and shall go into immediate effect.~~

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