

AMENDED IN ASSEMBLY JANUARY 15, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1132**

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**Introduced by Assembly Member Berryhill  
(Coauthor: Assembly Member Huffman)**

February 23, 2007

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An act to add and repeal Sections 17053.90 and 23661 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1132, as amended, Berryhill. Taxation:—~~deduction:~~ *credits:* graywater irrigation system.

The Personal Income Tax and Corporation Tax Laws allow various credits against the taxes imposed by those laws.

This bill would, for taxable years beginning on or after January 1, ~~2007~~ 2008, and before January 1, ~~2021~~ 2018, authorize a credit for the *qualified* costs, *as defined*, paid or incurred for the installation of a *qualified* graywater irrigation system, as provided.

This bill would take effect immediately as a tax levy.

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

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

- 1 SECTION 1. Section 17053.90 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.90. (a) For each taxable year beginning on or after
- 4 ~~January 1, 2007, and before January 1, 2021~~ *January 1, 2008, and*

1 *before January 1, 2018, there shall be allowed as a credit against*  
 2 *the “net tax,” as defined in Section 17039, an amount equal to the*  
 3 *following percentage for the cost of an irrigation system utilizing*  
 4 *graywater, as defined in Section 14876 of the Water Code: amount*  
 5 *equal to the applicable percentage, as defined in subdivision (b),*  
 6 *of the qualified costs of a qualified graywater system.*

7 ~~(1) Fifty percent of the cost of a system installed on or after~~  
 8 ~~January 1, 2007, and before January 1, 2012.~~

9 ~~(2) Forty percent of the cost of a system installed on or after~~  
 10 ~~January 1, 2012, and before January 1, 2015.~~

11 ~~(3) Twenty-five percent of the cost of a system installed on or~~  
 12 ~~after January 1, 2015, and before January 1, 2018.~~

13 ~~(4) Ten percent of the cost of a system installed on or after~~  
 14 ~~January 1, 2018, and before January 1, 2021.~~

15 ~~(b) In the case where the credit allowed by this section exceeds~~  
 16 ~~the “net tax,” the excess may be carried over to reduce the “net~~  
 17 ~~tax” in the following year, and the succeeding two taxable years~~  
 18 ~~if necessary, until the credit is exhausted.~~

19 ~~(c) This section shall remain in effect only until December 1,~~  
 20 ~~2021, and as of that date is repealed.~~

21 ~~(b) For purposes of this section, all of the following definitions~~  
 22 ~~apply:~~

23 ~~(1) “The applicable percentage” means either of the following:~~

24 ~~(A) In the case of a multifamily, commercial, industrial, or~~  
 25 ~~institutional building, 10 percent.~~

26 ~~(B) In the case of a single family dwelling:~~

27 ~~(i) The lesser of 50 percent or one thousand seven hundred fifty~~  
 28 ~~dollars (\$1,750) for a qualified graywater system installed on or~~  
 29 ~~after January 1, 2008, and before January 1, 2013.~~

30 ~~(ii) The lesser of 40 percent or one thousand four hundred~~  
 31 ~~dollars (\$1,400) for a qualified graywater system installed on or~~  
 32 ~~after January 1, 2013, and before January 1, 2016.~~

33 ~~(iii) The lesser of 20 percent or seven hundred dollars (\$700)~~  
 34 ~~for a qualified graywater system installed on or after January 1,~~  
 35 ~~2016, and before January 1, 2018.~~

36 ~~(2) “Qualified costs” means the cost of materials described in~~  
 37 ~~Appendix G of Part 5 of Title 24 of the California Code of~~  
 38 ~~Regulations and the labor necessary to install a qualified~~  
 39 ~~graywater system and excludes any regulatory fees or costs for~~  
 40 ~~permits.~~

1 (3) “Graywater” means untreated wastewater, as defined in  
2 Section 14876 of the Water Code.

3 (4) “Qualified taxpayer” means a person who pays for the  
4 qualified costs, without reimbursement of the costs.

5 (5) “Qualified graywater system” means a graywater system  
6 as defined in Sections 14877, 14877.2, and 14877.3 of the Water  
7 Code.

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

12 (d) This section shall remain in effect only until December 1,  
13 2018, and as of that date is repealed.

14 SEC. 2. Section 23661 is added to the Revenue and Taxation  
15 Code, to read:

16 23661. (a) For each taxable year beginning on or after ~~January~~  
17 ~~1, 2007, and before January 1, 2021~~ *January 1, 2008, and before*  
18 *January 1, 2018*, there shall be allowed as a credit against the  
19 “tax,” as defined in Section 23036, an amount ~~equal to the~~  
20 ~~following percentage for the cost of an irrigation system utilizing~~  
21 ~~graywater, as defined in Section 14876 of the Water Code: equal~~  
22 ~~to the applicable percentage, as defined in subdivision (b), of the~~  
23 ~~qualified costs of a qualified graywater system.~~

24 ~~(1) Fifty percent of the cost of a system installed on or after~~  
25 ~~January 1, 2007, and before January 1, 2012.~~

26 ~~(2) Forty percent of the cost of a system installed on or after~~  
27 ~~January 1, 2012, and before January 1, 2015.~~

28 ~~(3) Twenty-five percent of the cost of a system installed on or~~  
29 ~~after January 1, 2015, and before January 1, 2018.~~

30 ~~(4) Ten percent of the cost of a system installed on or after~~  
31 ~~January 1, 2018, and before January 1, 2021.~~

32 ~~(b) In the case where the credit allowed by this section exceeds~~  
33 ~~the “tax,” the excess may be carried forward to reduce the “tax”~~  
34 ~~in the following year, and the succeeding two taxable years if~~  
35 ~~necessary, until the credit is exhausted.~~

36 ~~(c) This section shall remain in effect only until December 1,~~  
37 ~~2021, and as of that date is repealed.~~

38 (b) For purposes of this section, all of the following definitions  
39 apply:

40 (1) “The applicable percentage” means either of the following:

1 (A) *In the case of a multifamily, commercial, industrial, or*  
2 *institutional building, 10 percent.*  
3 (B) *In the case of a single family dwelling:*  
4 (i) *The lesser of 50 percent or one thousand seven hundred fifty*  
5 *dollars (\$1,750) for a qualified graywater system installed on or*  
6 *after January 1, 2008, and before January 1, 2013.*  
7 (ii) *The lesser of 40 percent or one thousand four hundred*  
8 *dollars (\$1,400) for a qualified graywater system installed on or*  
9 *after January 1, 2013, and before January 1, 2016.*  
10 (iii) *The lesser of 20 percent or seven hundred dollars (\$700)*  
11 *for a qualified graywater system installed on or after January 1,*  
12 *2016, and before January 1, 2018.*  
13 (2) *“Qualified costs” means the cost of materials described in*  
14 *Appendix G of Part 5 of Title 24 of the California Code of*  
15 *Regulations and the labor necessary to install a qualified*  
16 *graywater system and excludes any regulatory fees or costs for*  
17 *permits.*  
18 (3) *“Graywater” means untreated wastewater, as defined in*  
19 *Section 14876 of the Water Code.*  
20 (4) *“Qualified taxpayer” means a person who pays for the*  
21 *qualified costs, without reimbursement of the costs.*  
22 (5) *“Qualified graywater system” means a graywater system*  
23 *as defined in Sections 14877, 14877.2, and 14877.3 of the Water*  
24 *Code.*  
25 (c) *In the case where the credit allowed by this section exceeds*  
26 *the “tax,” the excess may be carried over to reduce the “tax” in*  
27 *the following year, and the succeeding four taxable years, if*  
28 *necessary, until the credit is exhausted.*  
29 (d) *This section shall remain in effect only until December 1,*  
30 *2018, and as of that date is repealed.*  
31 SEC. 3. This act provides for a tax levy within the meaning of  
32 Article IV of the Constitution and shall go into immediate effect.

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