

AMENDED IN SENATE JUNE 16, 2010

AMENDED IN ASSEMBLY MAY 18, 2010

AMENDED IN ASSEMBLY APRIL 20, 2010

AMENDED IN ASSEMBLY APRIL 13, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 2362

Introduced by Assembly Members Skinner and Blakeslee

February 19, 2010

~~An act to amend Section 70 of the Revenue and Taxation Code, relating to taxation to take effect immediately, tax levy. An act to amend Sections 33020 and 33021 of, and to add Section 33137 to, the Health and Safety Code, relating to redevelopment.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 2362, as amended, Skinner. ~~Property tax: new construction exclusion—Redevelopment funds: soft-story—construction: building improvement assistance.~~

The Community Redevelopment Law authorizes the establishment of redevelopment agencies in communities in order to address the effects of blight, as defined, in those communities and requires those agencies to prepare, or cause to be prepared, and approve a redevelopment plan for each project area. That law authorizes the agencies to use tax increment financing for redevelopment projects and repayment of redevelopment debts.

This bill would redefine the term “redevelopment” to include the provision of loan assistance to qualified homeowners, until January 1, 2016, as determined by the agency. The bill would authorize a redevelopment agency to use redevelopment funds to issue a loan limited to qualified homeowners for seismic retrofitting improvements to a soft-story building, as prescribed, who reside in or within one mile of the project area. The bill would authorize the use of funds outside the project area only upon a specified resolution of the agency and the legislative body. The bill would make this authorization inoperative on January 1, 2016.

~~(1) The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property. For purposes of this limitation, “full cash value” is defined as the assessor’s valuation of real property as shown on the 1975–76 tax bill under “full cash value” or, thereafter, the appraised value of that real property when purchased, newly constructed, or a change of ownership has occurred.~~

~~The California Constitution authorizes the Legislature to exclude from classification as “newly constructed” the construction or installation in existing buildings of certain seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies.~~

~~This bill would exclude from the classification “newly constructed” seismic retrofitting improvements, as defined, to a soft-story residential building, as defined.~~

~~By changing the manner in which local assessors assess property for property taxation purposes, this bill would impose a state-mandated local program.~~

~~(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.~~

~~(3) 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.

~~(4) This bill would provide that certain provisions become inoperative if Senate Constitutional Amendment 4 of the 2008-09 Regular Session is approved by the voters at the June 8, 2010, statewide general election.~~

~~(5) This bill would take effect immediately as a tax levy.~~

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

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

1 SECTION 1. Section 33020 of the Health and Safety Code is
2 amended to read:

3 33020. "Redevelopment" means the planning, development,
4 replanning, redesign, clearance, reconstruction, or rehabilitation,
5 or any combination of these, of all or part of a survey area, and
6 area; the provision of those residential, commercial, industrial,
7 public, or other structures or spaces as may be appropriate or
8 necessary in the interest of the general welfare, including
9 recreational and other facilities incidental or appurtenant to them
10 them; assistance to qualified homeowners under Section 33137
11 until January 1, 2016; and payments to school and community
12 college districts in the fiscal years specified in Sections 33681,
13 33681.5, 33681.7, 33681.9, and 33681.12.

14 SEC. 2. Section 33021 of the Health and Safety Code is
15 amended to read:

16 33021. Redevelopment includes:

17 (a) The alteration, improvement, modernization, reconstruction,
18 or rehabilitation, or any combination of these, of existing structures
19 in a project area.

20 (b) Provision for open-space types of use, such as streets and
21 other public grounds and space around buildings, and public or
22 private buildings, structures and improvements, and improvements
23 of public or private recreation areas and other public grounds.

24 (c) The replanning or redesign or original development of
25 undeveloped areas as to which either of the following conditions
26 exist.

27 (1) The areas are stagnant or improperly utilized because of
28 defective or inadequate street layout, faulty lot layout in relation
29 to size, shape, accessibility, or usefulness, or for other causes.

1 (2) The areas require replanning and land assembly for
 2 reclamation or development in the interest of the general welfare
 3 because of widely scattered ownership, tax delinquency, or other
 4 reasons.

5 (d) *Issuance of loans to qualified homeowners for seismic*
 6 *retrofitting improvements to a soft-story building under Section*
 7 *33137 until January 1, 2016.*

8 *SEC. 3. Section 33137 is added to the Health and Safety Code,*
 9 *to read:*

10 *33137. (a) An agency may use redevelopment funds to issue*
 11 *loans to qualified homeowners, who reside in or within one mile*
 12 *of the project area, to make seismic retrofitting improvements to*
 13 *a soft-story building, as specified in subdivision (c) and determined*
 14 *by the local agency. The agency may use these funds outside the*
 15 *project area only upon a resolution of the agency and the*
 16 *legislative body that the use will be of benefit to the project area.*

17 (b) *The funds authorized by this section shall not include the*
 18 *20-percent set aside funds for the construction of low- and*
 19 *moderate-income housing required under Section 33334.2.*

20 (c) *For purposes of this section, both of the following shall*
 21 *apply:*

22 (1) *“Seismic retrofitting improvements” has the same meaning*
 23 *as defined in Section 74.5 of the Revenue and Taxation Code.*

24 (2) *“Soft-story building” means a wood frame, multiunit*
 25 *residential building constructed before January 1, 1978, where*
 26 *the ground floor of the portion of the structure contains parking*
 27 *or other similar open floor space that causes soft, weak, or*
 28 *open-front wall lines.*

29 (d) *The authorization provided in subdivision (a) shall remain*
 30 *operative only until January 1, 2016.*

31 ~~SECTION 1. Section 70 of the Revenue and Taxation Code is~~
 32 ~~amended to read:~~

33 ~~70. (a) “Newly constructed” and “new construction” means:~~

34 ~~(1) Any addition to real property, whether land or improvements~~
 35 ~~(including fixtures), since the last lien date; and~~

36 ~~(2) Any alteration of land or of any improvement (including~~
 37 ~~fixtures) since the last lien date that constitutes a major~~
 38 ~~rehabilitation thereof or that converts the property to a different~~
 39 ~~use.~~

1 ~~(b) Any rehabilitation, renovation, or modernization that~~
2 ~~converts an improvement or fixture to the substantial equivalent~~
3 ~~of a new improvement or fixture is a major rehabilitation of that~~
4 ~~improvement or fixture.~~

5 ~~(e) Notwithstanding the provisions of subdivisions (a) and (b),~~
6 ~~where real property has been damaged or destroyed by misfortune~~
7 ~~or calamity, “newly constructed” and “new construction” do not~~
8 ~~mean any timely reconstruction of the real property, or portion~~
9 ~~thereof, where the property after reconstruction is substantially~~
10 ~~equivalent to the property prior to damage or destruction. Any~~
11 ~~reconstruction of real property, or portion thereof, that is not~~
12 ~~substantially equivalent to the damaged or destroyed property,~~
13 ~~shall be deemed to be new construction and only that portion that~~
14 ~~exceeds substantially equivalent reconstruction shall have a new~~
15 ~~base year value determined pursuant to Section 110.1.~~

16 ~~(d) (1) Notwithstanding the provisions of subdivisions (a) and~~
17 ~~(b), where a structure must be improved to comply with local~~
18 ~~ordinances on seismic safety, “newly constructed” and “new~~
19 ~~construction” do not mean the portion of reconstruction or~~
20 ~~improvement to a structure, constructed of unreinforced masonry~~
21 ~~bearing wall construction, necessary to comply with the local~~
22 ~~ordinance. This exclusion shall remain in effect during the first 15~~
23 ~~years following that reconstruction or improvement (unless the~~
24 ~~property is purchased or changes ownership during that period, in~~
25 ~~which case the provisions of Chapter 2 (commencing with Section~~
26 ~~60) of this division shall apply).~~

27 ~~(2) In the 16th year following the reconstruction or improvement~~
28 ~~referred to in paragraph (1), the assessor shall place on the roll the~~
29 ~~current full cash value of the portion of reconstruction or~~
30 ~~improvement to the structure that was excluded pursuant to this~~
31 ~~subdivision.~~

32 ~~(3) The governing body that enacted the local ordinance shall~~
33 ~~issue a certificate of compliance upon the request of the owner~~
34 ~~who, pursuant to a notice or permit issued by the governing body~~
35 ~~that specified that the reconstruction or improvement is necessary~~
36 ~~to comply with a seismic safety ordinance, so reconstructs or~~
37 ~~improves his or her structure in accordance with the ordinance.~~
38 ~~The certificate of compliance shall be filed by the property owner~~
39 ~~with the county assessor not later than six months after the~~
40 ~~completion of the project. The failure to file a certificate of~~

1 completion within the prescribed filing period shall be deemed a
2 waiver of the exclusion for that year.

3 (e) (1) Notwithstanding the provisions of subdivisions (a) and
4 (b), where a tank must be improved, upgraded, or replaced to
5 comply with federal, state, and local regulations on underground
6 storage tanks, “newly constructed” and “new construction” do not
7 mean the improvement, upgrade, or replacement of a tank to meet
8 compliance standards, and the improvement, upgrade, or
9 replacement shall be considered to have been performed for the
10 purpose of normal maintenance and repair.

11 (2) Notwithstanding the provisions of subdivisions (a) and (b),
12 where a structure, or any portion thereof, was reconstructed, as a
13 consequence of completing work on an underground storage tank
14 to comply with federal, state, and local regulations on these tanks,
15 timely reconstruction of the structure shall be considered to have
16 been performed for the purpose of normal maintenance and repair
17 where the structure, or portion thereof, after reconstruction is
18 substantially equivalent to the prior structure in size, utility, and
19 function.

20 (f) (1) Notwithstanding the provisions of subdivisions (a) and
21 (b), “newly constructed” and “new construction” do not include
22 seismic retrofitting improvements to a soft-story building.

23 (2) For purposes of this section, both of the following shall
24 apply:

25 (A) “Seismic retrofitting improvements” has the same meaning
26 as defined in Section 74.5.

27 (B) “Soft-story construction” means a wood frame, multiunit
28 residential building constructed before January 1, 1978, where the
29 ground floor portion of the structure contains parking or other
30 similar open floor space that causes soft, weak, or open-front wall
31 lines.

32 SEC. 2. If the Commission on State Mandates determines that
33 this act contains costs mandated by the state, reimbursement to
34 local agencies and school districts for those costs shall be made
35 pursuant to Part 7 (commencing with Section 17500) of Division
36 4 of Title 2 of the Government Code.

37 SEC. 3. Notwithstanding Section 2229 of the Revenue and
38 Taxation Code, no appropriation is made by this act and the state
39 shall not reimburse any local agency for any property tax revenues
40 lost by it pursuant to this act.

1 ~~SEC. 4. The provisions of Section 1 of this act shall become~~
2 ~~inoperative if Senate Constitutional Amendment 4 of the 2008-09~~
3 ~~Regular Session is approved by the voters at the June 8, 2010,~~
4 ~~statewide general election.~~

5 ~~SEC. 5. This act provides for a tax levy within the meaning of~~
6 ~~Article IV of the Constitution and shall go into immediate effect.~~

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