

AMENDED IN ASSEMBLY APRIL 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1510

Introduced by Assembly Member Nazarian

January 14, 2014

~~An act relating to local government, to add Sections 17052.9 and 23605 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1510, as amended, Nazarian. ~~Local government; at-risk properties; retrofit; lowered assessment values. Income taxes credit; seismic retrofits.~~

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

This bill would allow, for taxable years beginning on or after January 1, 2015, a tax credit under both laws in an amount equal to 30% of the qualified costs paid or incurred by a qualified taxpayer for the seismic retrofit of a qualified building, as defined. This bill would require a taxpayer to obtain a certification from the local housing authority of the area in which the building is located that the building is an at-risk property, as defined, and to provide that certification to the Franchise Tax Board upon the request of the Franchise Tax Board.

This bill would take effect immediately as a tax levy.

~~Existing law authorizes an owner of any qualified historical property, as defined, to contract with the legislative body of a city, county, or city and county, to restrict the use of the property in exchange for lowered assessment values.~~

~~This bill would state the intent of the Legislature to enact similar legislation that authorizes an owner of any at-risk property to contract with the legislative body of a city, county, or city and county, to retrofit the at-risk property in exchange for lowered assessment values.~~

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

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

1 SECTION 1. Section 17052.9 is added to the Revenue and
 2 Taxation Code, to read:
 3 17052.9. (a) For taxable years beginning on or after January
 4 1, 2015, there shall be allowed to a qualified taxpayer a credit
 5 against the “net tax,” as defined in Section 17039, in an amount
 6 equal to 30 percent of the qualified taxpayer’s qualified costs.
 7 (b) For purposes of this section:
 8 (1) “At-risk property” means a building that is deemed
 9 hazardous and in danger of collapse in the event of a major
 10 earthquake, including, but not limited to, soft story buildings,
 11 nonductile concrete residential buildings, and pre-1980 concrete
 12 residential buildings.
 13 (2) “Local housing authority” means a housing authority
 14 created pursuant to Chapter 1 (commencing with Section 34200)
 15 of Part 2 of Division 24 of the Health and Safety Code.
 16 (3) “Qualified building” means a building that has been
 17 certified as an at-risk property by the local housing authority for
 18 the area within which the building is located.
 19 (4) “Qualified costs” means the costs paid or incurred by the
 20 taxpayer for the seismic retrofit of a qualified building. “Qualified
 21 costs” shall not include ordinary repair or replacement of existing
 22 fixtures or items on or in the qualified building.
 23 (5) “Qualified taxpayer” means a taxpayer that is an owner of
 24 a qualified building located in this state. A taxpayer that owns a
 25 proportional share of a qualified building in this state may claim
 26 the credit allowed by this section based on the taxpayer’s share
 27 of the qualified costs.
 28 (c) To be eligible for the credit under this section, the following
 29 must apply:
 30 (1) The qualified taxpayer shall obtain certification from the
 31 appropriate local housing authority, upon a review of the building,

1 *that the building is an at-risk property. Upon the request of the*
2 *Franchise Tax Board, the qualified taxpayer shall provide a copy*
3 *of the certification to the Franchise Tax Board.*

4 *(2) The local housing authority in which a qualified building is*
5 *located has entered into an agreement with the state to provide*
6 *certifications pursuant to this section and to not seek*
7 *reimbursement pursuant to Section 6 of Article XIII B of the*
8 *California Constitution for any costs incurred in providing those*
9 *certifications.*

10 *(d) (1) The credit amount allowed in subdivision (a) shall be*
11 *claimed by a qualified taxpayer at the rate of one-fifth of the credit*
12 *amount for the taxable year in which the credit is allocated, and*
13 *one-fifth of the credit amount for each of the subsequent four*
14 *taxable years.*

15 *(2) In the case where the credit allowed under this section*
16 *exceeds the “net tax,” as defined in Section 17039, for a taxable*
17 *year, the excess credit may be carried over to reduce the “net tax”*
18 *in the following taxable year, and succeeding four taxable years,*
19 *if necessary, until the credit has been exhausted.*

20 *SEC. 2. Section 23605 is added to the Revenue and Taxation*
21 *Code, to read:*

22 *23605. (a) For taxable years beginning on or after January*
23 *1, 2015, there shall be allowed to a qualified taxpayer a credit*
24 *against the “tax,” as defined in Section 23036, in an amount equal*
25 *to 30 percent of the qualified taxpayer’s qualified costs.*

26 *(b) For purposes of this section:*

27 *(1) “At-risk property” means a building that is deemed*
28 *hazardous and in danger of collapse in the event of a major*
29 *earthquake, including, but not limited to, soft story buildings,*
30 *nonductile concrete residential buildings, and pre-1980 concrete*
31 *residential buildings.*

32 *(2) “Local housing authority” means a housing authority*
33 *created pursuant to Chapter 1 (commencing with Section 34200)*
34 *of Part 2 of Division 24 of the Health and Safety Code.*

35 *(3) “Qualified building” means a building that has been*
36 *certified as an at-risk property by the local housing authority for*
37 *the area within which the building is located.*

38 *(4) “Qualified costs” means the costs paid or incurred by the*
39 *taxpayer for the seismic retrofit of a qualified building. “Qualified*

1 costs” shall not include ordinary repair or replacement of existing
2 fixtures or items on or in the qualified building.

3 (5) “Qualified taxpayer” means a taxpayer that is an owner of
4 a qualified building located in this state. A taxpayer that owns a
5 proportional share of a qualified building in this state may claim
6 the credit allowed by this section based on the taxpayer’s share
7 of the qualified costs.

8 (c) To be eligible for the credit under this section, the following
9 must apply:

10 (1) The qualified taxpayer shall obtain certification from the
11 appropriate local housing authority, upon a review of the building,
12 that the building is an at-risk property. Upon the request of the
13 Franchise Tax Board, the qualified taxpayer shall provide a copy
14 of the certification to the Franchise Tax Board.

15 (2) The local housing authority in which a qualified building is
16 located has entered into an agreement with the state to provide
17 certifications pursuant to this section and to not seek
18 reimbursement pursuant to Section 6 of Article XIII B of the
19 California Constitution for any costs incurred in providing those
20 certifications.

21 (d) (1) The credit amount allowed in subdivision (a) shall be
22 claimed by a qualified taxpayer at the rate of one-fifth of the credit
23 amount for the taxable year in which the credit is allocated, and
24 one-fifth of the credit amount for each of the subsequent four
25 taxable years.

26 (2) In the case where the credit allowed under this section
27 exceeds the “tax,” as defined in Section 23036, for a taxable year,
28 the excess credit may be carried over to reduce the “tax” in the
29 following taxable year, and succeeding four taxable years, if
30 necessary, until the credit has been exhausted.

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.

33 SECTION 1. ~~It is the intent of the Legislature to enact
34 legislation that authorizes an owner of any at-risk property to
35 contract with the legislative body of a city, county, or city and
36 county, to retrofit the at-risk property in exchange for lowered
37 assessment values.~~

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