

AMENDED IN ASSEMBLY MAY 1, 2014

AMENDED IN ASSEMBLY APRIL 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1510**

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**Introduced by Assembly Member Nazarian**

January 14, 2014

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An act 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. 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~~ *any* seismic retrofit ~~of construction on~~ a qualified building, as defined. This bill would require a taxpayer to obtain a certification from the ~~local housing authority~~ *appropriate jurisdiction with authority for building code enforcement* 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.

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 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 *catastrophic* earthquake, including, but not limited to, soft story  
11 buildings, nonductile concrete residential buildings, and pre-1980  
12 concrete residential buildings.

13 ~~(2) “Local housing authority” means a housing authority created~~  
14 ~~pursuant to Chapter 1 (commencing with Section 34200) of Part~~  
15 ~~2 of Division 24 of the Health and Safety Code.~~

16 ~~(3)~~

17 (2) “Qualified building” means a building that has been certified  
18 as an at-risk property by the local housing authority for the area  
19 within which the building is located.

20 ~~(4)~~

21 (3) “Qualified costs” means the costs paid or incurred by the  
22 taxpayer for ~~the any seismic retrofit of construction on~~ a qualified  
23 building. “Qualified costs” shall not include ordinary repair or  
24 replacement of existing fixtures or items on or in the qualified  
25 building.

26 ~~(5)~~

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

32 (5) (A) “*Seismic retrofit construction*” means *changes or*  
33 *additions to the structure of a qualified building to mitigate seismic*  
34 *damage, including:*

35 (i) *Anchoring the structure to the foundation.*

36 (ii) *Bracing cripple walls.*

37 (iii) *Bracing hot water heaters.*

38 (iv) *Installing automatic gas shutoff valves.*

1 (v) *Repairing or reinforcing the foundation to improve the*  
2 *integrity of the foundation against seismic damage.*

3 (vi) *Anchoring fuel storage.*

4 (vii) *Installing an earthquake-resistant bracing system for*  
5 *mobilehomes that is certified by the California Department of*  
6 *Housing and Community Development.*

7 (B) *“Seismic retrofit construction” does not include construction*  
8 *activities performed solely to bring a qualified building into*  
9 *compliance with standard local building codes.*

10 (c) *To be eligible for the credit under this section, the following*  
11 *must apply:*

12 (1) *The qualified taxpayer shall ~~obtain~~ do both of the following:*

13 (A) *Obtain certification from the appropriate ~~local housing~~*  
14 *authority, jurisdiction with authority for building code enforcement,*  
15 *upon a review of the building, that the building is an at-risk*  
16 *property. Upon the request of the Franchise Tax Board, the*  
17 *qualified taxpayer shall provide a copy of the certification to the*  
18 *Franchise Tax Board.*

19 (B) *Retain for his or her records a copy of the certification*  
20 *specified in subparagraph (A).*

21 (2) *The ~~local housing authority~~ jurisdiction with authority for*  
22 *building code enforcement in which a qualified building is located*  
23 *has entered into an agreement with the state to provide*  
24 *certifications pursuant to this section and to not seek reimbursement*  
25 *pursuant to Section 6 of Article XIII B of the California*  
26 *Constitution for any costs incurred in providing those certifications.*

27 (d) (1) *The credit amount allowed in subdivision (a) shall be*  
28 *claimed by a qualified taxpayer at the rate of one-fifth of the credit*  
29 *amount for the taxable year in which the credit is allocated, and*  
30 *one-fifth of the credit amount for each of the subsequent four*  
31 *taxable years.*

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

37 (e) *For purposes of computing the credit provided by this*  
38 *section, the qualified costs shall be reduced by any grant provided*  
39 *by a public entity for the seismic retrofit construction.*

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

3 23605. (a) For taxable years beginning on or after January 1,  
4 2015, there shall be allowed to a qualified taxpayer a credit against  
5 the “tax,” as defined in Section 23036, in an amount equal to 30  
6 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 *catastrophic* earthquake, including, but not limited to, soft story  
11 buildings, nonductile concrete residential buildings, and pre-1980  
12 concrete residential buildings.

13 ~~(2) “Local housing authority” means a housing authority created~~  
14 ~~pursuant to Chapter 1 (commencing with Section 34200) of Part~~  
15 ~~2 of Division 24 of the Health and Safety Code.~~

16 ~~(3)~~

17 (2) “Qualified building” means a building that has been certified  
18 as an at-risk property by the local housing authority for the area  
19 within which the building is located.

20 ~~(4)~~

21 (3) “Qualified costs” means the costs paid or incurred by the  
22 taxpayer for ~~the any~~ seismic retrofit ~~of construction~~ on a qualified  
23 building. “Qualified costs” shall not include ordinary repair or  
24 replacement of existing fixtures or items on or in the qualified  
25 building.

26 ~~(5)~~

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

32 (5) (A) “*Seismic retrofit construction*” means changes or  
33 additions to the structure of a qualified building to mitigate seismic  
34 damage, including:

35 (i) *Anchoring the structure to the foundation.*

36 (ii) *Bracing cripple walls.*

37 (iii) *Bracing hot water heaters.*

38 (iv) *Installing automatic gas shutoff valves.*

39 (v) *Repairing or reinforcing the foundation to improve the*  
40 *integrity of the foundation against seismic damage.*

- 1 (vi) *Anchoring fuel storage.*
- 2 (vii) *Installing an earthquake-resistant bracing system for*
- 3 *mobilehomes that is certified by the California Department of*
- 4 *Housing and Community Development.*

5 (B) *“Seismic retrofit construction” does not include construction*  
6 *activities performed solely to bring a qualified building into*  
7 *compliance with standard local building codes.*

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

10 (1) The qualified taxpayer shall ~~obtain~~ *do both of the following:*

11 (A) *Obtain certification from the appropriate ~~local housing~~*  
12 *authority, jurisdiction with authority for building code enforcement,*  
13 *upon a review of the building, that the building is an at-risk*  
14 *property. Upon the request of the Franchise Tax Board, the*  
15 *qualified taxpayer shall provide a copy of the certification to the*  
16 *Franchise Tax Board.*

17 (B) *Retain for his or her records a copy of the certification*  
18 *specified in subparagraph (A).*

19 (2) ~~The local housing authority jurisdiction with authority for~~  
20 *building code enforcement* in which a qualified building is located  
21 has entered into an agreement with the state to provide  
22 certifications pursuant to this section and to not seek reimbursement  
23 pursuant to Section 6 of Article XIII B of the California  
24 Constitution for any costs incurred in providing those certifications.

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

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

35 (e) *For purposes of computing the credit provided by this*  
36 *section, the qualified costs shall be reduced by any grant provided*  
37 *by a public entity for the seismic retrofit construction.*

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.

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