

AMENDED IN ASSEMBLY MAY 15, 2014

AMENDED IN ASSEMBLY MAY 1, 2014

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 to add *and repeal* Sections 17052.9 and 23605-~~to~~ of 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, *and before January 1, 2020*, a tax credit under both laws in an amount equal to 30% of the qualified costs paid or incurred by a qualified taxpayer for any seismic retrofit construction on a qualified building, as defined. This bill would require a taxpayer to obtain a certification from the 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 ~~each taxable-years~~ year beginning on or after
4 January 1, 2015, ~~and before January 1, 2020~~, there shall be allowed
5 to a qualified taxpayer a credit against the “net tax,” as defined in
6 Section 17039, in an amount equal to 30 percent of the qualified
7 taxpayer’s qualified costs.
8 (b) For purposes of this section:
9 (1) “At-risk property” means a building that is deemed
10 hazardous and in danger of collapse in the event of a catastrophic
11 earthquake, including, but not limited to, soft story buildings,
12 nonductile concrete residential buildings, and ~~pre-1980~~ *pre-1994*
13 concrete residential buildings.
14 (2) “Qualified building” means a building that has been certified
15 as an at-risk property by the local housing authority for the area
16 within which the building is located.
17 (3) “Qualified costs” means the costs paid or incurred by the
18 *qualified* taxpayer for any seismic retrofit construction on a
19 qualified building, *including any engineering or architectural work*
20 *preceding the construction.* “Qualified costs” ~~shall~~ *does* not include
21 ~~ordinary~~ *either of the following:*
22 (A) *The costs paid or incurred by the qualified taxpayer for*
23 *ordinary* repair or replacement of existing fixtures or items on or
24 in the qualified building.
25 (B) *Any amount paid by the qualified taxpayer to the jurisdiction*
26 *with authority for building code enforcement for issuing the*
27 *certification required pursuant to subparagraph (A) of paragraph*
28 *(1) of subdivision (c).*
29 (4) “Qualified taxpayer” means a taxpayer that is an owner of
30 a qualified building located in this state. A taxpayer that owns a
31 proportional share of a qualified building in this state may claim
32 the credit allowed by this section based on the taxpayer’s share of
33 the qualified costs.

1 (5) (A) “Seismic retrofit construction” means changes or
2 additions to the structure of a qualified building to mitigate seismic
3 damage, including:

- 4 (i) Anchoring the structure to the foundation.
- 5 (ii) Bracing cripple walls.
- 6 (iii) Bracing hot water heaters.
- 7 (iv) Installing automatic gas shutoff valves.
- 8 (v) Repairing or reinforcing the foundation to improve the
9 integrity of the foundation against seismic damage.
- 10 (vi) Anchoring fuel storage.
- 11 (vii) Installing an earthquake-resistant bracing system for
12 mobilehomes that is certified by the California Department of
13 Housing and Community Development.

14 (B) “Seismic retrofit construction” does not include construction
15 activities performed ~~solely~~ to bring a qualified building into
16 compliance with standard local building codes.

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

19 (1) The qualified taxpayer shall do both of the following:

20 (A) Obtain certification from the appropriate jurisdiction with
21 authority for building code enforcement, upon a review of the
22 building, that the building is an at-risk property. Upon the request
23 of the Franchise Tax Board, the qualified taxpayer shall provide
24 a copy of the certification to the Franchise Tax Board.

25 (B) Retain for his or her records a copy of the certification
26 specified in subparagraph (A).

27 (2) The jurisdiction with authority for building code enforcement
28 in which a qualified building is located has entered into an
29 agreement with the state to provide certifications pursuant to this
30 section and to not seek reimbursement pursuant to Section 6 of
31 Article XIII B of the California Constitution for any costs incurred
32 in providing those certifications.

33 (d) (1) The credit amount allowed in subdivision (a) shall be
34 claimed by a qualified taxpayer at the rate of one-fifth of the credit
35 amount for the taxable year in which the credit is allocated, and
36 one-fifth of the credit amount for each of the subsequent four
37 taxable years.

38 (2) In the case where the credit allowed under this section
39 exceeds the “net tax,” as defined in Section 17039, for a taxable
40 year, the excess credit may be carried over to reduce the “net tax”

1 in the following taxable year, and succeeding four taxable years,
 2 if necessary, until the credit has been exhausted.

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

6 (f) *This credit shall be in lieu of any other credit or deduction*
 7 *that the qualified taxpayer may otherwise claim pursuant to this*
 8 *part with respect to qualified costs.*

9 (g) *This section shall remain in effect only until December 1,*
 10 *2020, and as of that date is repealed.*

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

13 23605. (a) For taxable years beginning on or after January 1,
 14 2015, and before January 1, 2020, there shall be allowed to a
 15 qualified taxpayer a credit against the “tax,” as defined in Section
 16 23036, in an amount equal to 30 percent of the qualified taxpayer’s
 17 qualified costs.

18 (b) For purposes of this section:

19 (1) “At-risk property” means a building that is deemed
 20 hazardous and in danger of collapse in the event of a catastrophic
 21 earthquake, including, but not limited to, soft story buildings,
 22 nonductile concrete residential buildings, and ~~pre-1980~~ *pre-1994*
 23 concrete residential buildings.

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

27 (3) “Qualified costs” means the costs paid or incurred by the
 28 *qualified* taxpayer for any seismic retrofit construction on a
 29 qualified building, *including any engineering or architectural work*
 30 *preceding the construction.* “Qualified costs” ~~shall~~ *does not include*
 31 ~~ordinary~~ *either of the following:*

32 (A) *The costs paid or incurred by the qualified taxpayer for*
 33 *ordinary repair or replacement of existing fixtures or items on or*
 34 *in the qualified building.*

35 (B) *Any amount paid by the qualified taxpayer to the jurisdiction*
 36 *with authority for building code enforcement for issuing the*
 37 *certification required pursuant to subparagraph (A) of paragraph*
 38 *(1) of subdivision (c).*

39 (4) “Qualified taxpayer” means a taxpayer that is an owner of
 40 a qualified building located in this state. A taxpayer that owns a

1 proportional share of a qualified building in this state may claim
2 the credit allowed by this section based on the taxpayer's share of
3 the qualified costs.

4 (5) (A) "Seismic retrofit construction" means changes or
5 additions to the structure of a qualified building to mitigate seismic
6 damage, including:

7 (i) Anchoring the structure to the foundation.

8 (ii) Bracing cripple walls.

9 (iii) Bracing hot water heaters.

10 (iv) Installing automatic gas shutoff valves.

11 (v) Repairing or reinforcing the foundation to improve the
12 integrity of the foundation against seismic damage.

13 (vi) Anchoring fuel storage.

14 (vii) Installing an earthquake-resistant bracing system for
15 mobilehomes that is certified by the California Department of
16 Housing and Community Development.

17 (B) "Seismic retrofit construction" does not include construction
18 activities performed ~~solely~~ to bring a qualified building into
19 compliance with standard local building codes.

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

22 (1) The qualified taxpayer shall do both of the following:

23 (A) Obtain certification from the appropriate jurisdiction with
24 authority for building code enforcement, upon a review of the
25 building, that the building is an at-risk property. Upon the request
26 of the Franchise Tax Board, the qualified taxpayer shall provide
27 a copy of the certification to the Franchise Tax Board.

28 (B) Retain for his or her records a copy of the certification
29 specified in subparagraph (A).

30 (2) The jurisdiction with authority for building code enforcement
31 in which a qualified building is located has entered into an
32 agreement with the state to provide certifications pursuant to this
33 section and to not seek reimbursement pursuant to Section 6 of
34 Article XIII B of the California Constitution for any costs incurred
35 in providing those certifications.

36 (d) (1) The credit amount allowed in subdivision (a) shall be
37 claimed by a qualified taxpayer at the rate of one-fifth of the credit
38 amount for the taxable year in which the credit is allocated, and
39 one-fifth of the credit amount for each of the subsequent four
40 taxable years.

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

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

9 (f) *This credit shall be in lieu of any other credit or deduction*
10 *that the qualified taxpayer may otherwise claim pursuant to this*
11 *part with respect to qualified costs.*

12 (g) *This section shall remain in effect only until December 1,*
13 *2020, and as of that date is repealed.*

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