

AMENDED IN ASSEMBLY APRIL 1, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1999**

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**Introduced by Assembly Member Atkins**

February 20, 2014

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~~An act relating to taxation. An act to add and repeal Sections 17053.86 and 23686 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1999, as amended, Atkins. ~~Income taxes: California Economic Development and Historic Preservation Tax Credit Act. Personal income and corporation tax credits: rehabilitation.~~

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

*This bill would allow a credit against those taxes for each taxable year beginning on or after January 1, 2015, and before January 1, 2026, in an amount, determined pursuant to a specified section of the Internal Revenue Code, that is paid or incurred during the taxable year for rehabilitation of certified historic structures. This bill would provide for a 25% credit, or 30% credit if the structure meets specified criteria, for rehabilitation of a certified historic structure within the state.*

*This bill would take effect immediately as a tax levy.*

~~This bill would state that it is the intent of the Legislature to enact the California Economic Development and Historic Preservation Tax Credit Act, the purpose of which is to create jobs and revitalize communities by providing an incentive for the renovation and restoration of historic properties.~~

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 17053.86 is added to the Revenue and  
2     Taxation Code, to read:  
3     17053.86. For each taxable year beginning on or after January  
4     1, 2015, and before January 1, 2026, there shall be allowed as a  
5     credit against the “net tax,” as defined in Section 17039, an  
6     amount determined in accordance with Section 47 of the Internal  
7     Revenue Code, except as follows:  
8     (a) (1) In lieu of the percentages specified in Section 47(a) of  
9     the Internal Revenue Code, except as provided in paragraph (2),  
10    the applicable percentage shall be 25 percent of the qualified  
11    rehabilitation expenditures with respect to a certified historic  
12    structure.  
13    (2) The applicable percentage shall be 30 percent of the  
14    qualified rehabilitation expenditures with respect to a certified  
15    historic structure if that certified historic structure meets one of  
16    the following criteria:  
17    (A) The structure is located on federal, state, or local surplus  
18    property.  
19    (B) The rehabilitated structure will contain a majority of  
20    low-income housing units.  
21    (C) The structure is located in an economically distressed area.  
22    (D) The structure is located in a Base Realignment and Closure  
23    Zone.  
24    (E) The structure is located in a Transit-Oriented Development  
25    Area.  
26    (b) For purposes of this section, a certified historic structure  
27    means a structure in this state that appears on either the National  
28    Register of Historic Places or the California Register of Historical  
29    Resources.  
30    (c) A deduction shall not be allowed under this part for any  
31    expense for which a credit is allowed by this section.  
32    (d) If a credit is allowed under this section with respect to any  
33    property, the basis of that property shall be reduced by the amount  
34    of the credit allowed.

1 (e) In the case where the credit allowed by this section exceeds  
2 the “net tax,” the excess may be carried over to reduce the “net  
3 tax” in the following year, and the seven succeeding years if  
4 necessary, until the credit is exhausted.

5 (f) This section shall remain in effect only until December 1,  
6 2026, and as of that date is repealed.

7 SEC. 2. Section 23686 is added to the Revenue and Taxation  
8 Code, to read:

9 23686. For each taxable year beginning on or after January  
10 1, 2015, and before January 1, 2026, there shall be allowed as a  
11 credit against the “tax,” as defined in Section 23036, an amount  
12 determined in accordance with Section 47 of the Internal Revenue  
13 Code, except as follows:

14 (a) (1) In lieu of the percentages specified in Section 47(a) of  
15 the Internal Revenue Code, except as provided in paragraph (2),  
16 the applicable percentage shall be 25 percent of the qualified  
17 rehabilitation expenditures with respect to a certified historic  
18 structure.

19 (2) The applicable percentage shall be 30 percent of the  
20 qualified rehabilitation expenditures with respect to a certified  
21 historic structure if that historic structure meets one of the  
22 following criteria:

23 (A) The structure is located on federal, state, or local surplus  
24 property.

25 (B) The rehabilitated structure will contain a majority of  
26 low-income housing units.

27 (C) The structure is located in an economically distressed area.

28 (D) The structure is located in a Base Realignment and Closure  
29 Zone.

30 (E) The structure is located in a Transit-Oriented Development  
31 Area.

32 (b) For purposes of this section, a certified historic structure  
33 means a structure in this state that appears on either the National  
34 Register of Historic Places or the California Register of Historical  
35 Resources.

36 (c) A deduction shall not be allowed under this part for any cost  
37 for which a credit is allowed by this section.

38 (d) If a credit is allowed under this section with respect to any  
39 property, the basis of that property shall be reduced by the amount  
40 of the credit allowed.

1 (e) *In the case where the credit allowed by this section exceeds*  
2 *the “tax,” the excess may be carried over to reduce the “tax” in*  
3 *the following year, and the seven succeeding years if necessary,*  
4 *until the credit is exhausted.*

5 (f) *This section shall remain in effect only until December 1,*  
6 *2026, and as of that date is repealed.*

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

9 ~~SECTION 1. It is the intent of the Legislature to enact the~~  
10 ~~California Economic Development and Historic Preservation Tax~~  
11 ~~Credit Act, the purpose of which is to create jobs and revitalize~~  
12 ~~communities by providing an incentive for the renovation and~~  
13 ~~restoration of historic properties.~~