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SB-558 Property taxation: new construction exclusion: rain water capture system. (2017-2018)

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Senate Bill No. 558

CHAPTER 1

An act to add and repeal Section 74.8 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor January 31, 2018. Filed with Secretary of State January 31, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

SB 558, Glazer. Property taxation: new construction exclusion: rain water capture system.

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 in ownership has occurred.

This bill, until January 1, 2029, would exclude from classification as "newly constructed" and "new construction" the construction or addition, on or after January 1, 2019, of a rain water capture system, as provided.

By imposing new duties upon county assessors, this bill would impose a state-mandated local program.

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 the statutory provisions noted above.

Existing law requires the state 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 those provisions, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on voter approval of Senate Constitutional Amendment 9 of the 2017–18 Regular Session.

Existing law contains provisions related to elections and voting, including a requirement that a constitutional amendment submitted to the people by the Legislature shall appear on the ballot of the first statewide election occurring at least 131 days after the adoption of the proposal by the Legislature and that the Secretary of State mail state voter information guides to voters.

This bill would require the Secretary of State, notwithstanding specified provisions of existing law relating to elections and voting, to submit Senate Constitutional Amendment 9 of the 2017–18 Regular Session to the voters for their approval at the June 5,

2018, statewide primary election.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 74.8 is added to the Revenue and Taxation Code, to read:

74.8. (a) "Newly constructed" and "new construction" do not include the construction or addition of a rain water capture system.

(b) For purposes of this section, "rain water capture system" means a facility designed to capture, retain, and store rain water flowing off a building rooftop or other manmade aboveground hard surface for subsequent onsite use.

(c) (1) Notwithstanding any other law, for purposes of this section, "the construction or addition of a rain water capture system" includes the construction of a rain water capture system incorporated by the owner-builder in the initial construction of a new building that the owner-builder does not intend to occupy or use.

(2) The exclusion provided by this section applies to the initial purchaser who purchased the new building from the owner-builder only if the owner-builder did not receive an exclusion pursuant to this section for the same rain water capture system and only if the initial purchaser purchased the new building prior to that building become subject to reassessment to the owner-builder, as described in subdivision (d) of Section 75.12.

(d) This section shall be administered as follows:

(1) The initial purchaser of the new building shall file a claim with the assessor and provide to the assessor any documents necessary to identify the value attributable to the rain water capture system included in the purchase price of the new building. The claim shall also identify the amount of any rebate for the rain water capture system provided to either the owner-builder or the initial purchaser.

(2) The assessor shall evaluate the claim and determine the portion of the purchase price that is attributable to the rain water capture system. The assessor shall then reduce the new base year value established as a result of the change in ownership of the new building by an amount equal to the difference between the following two amounts:

(A) That portion of the value of the new building attributable to the rain water capture system.

(B) The total amount of all rebates, if any, described in paragraph (1) that were provided to either the owner-builder or the initial purchaser.

(3) The extension of the new construction exclusion to the initial purchaser of a new constructed new building shall remain in effect only until there is a subsequent change in ownership of the new building.

(e) This section applies to new construction completed on or after January 1, 2019.

(f) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

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

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

SEC. 4. Notwithstanding the requirements of Sections 9040, 9043, 9044, 9061, 9082, and 9094 of the Elections Code, or any other law, the Secretary of State shall submit Senate Constitutional Amendment 9 of the 2017–18 Regular Session to the voters for their approval at the June 5, 2018, statewide primary election.

SEC. 5. This act provides for a tax levy within the meaning of Article IV of the California Constitution and shall go into immediate effect. However, Sections 1 to 3, inclusive, shall become operative only if Senate Constitutional Amendment 9 of the 2017–18 Regular Session is approved by the voters and, in that event, shall become operative on January 1, 2019.