

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: May 18, 2010
POSITION: Oppose

BILL NUMBER: AB 2362
AUTHOR: N. Skinner

BILL SUMMARY: Property Tax; Soft-Story Construction

Under current law, when new construction occurs the total assessed value of a property must be increased by an amount equal to the added value of the construction or addition, but the Legislature has authority to exclude certain items from the definition of "new construction." Existing law provides a new construction exclusion for improvements made for seismic safety purposes.

This bill would create a 10-year new construction exclusion for seismic improvements to pre-1978 wood frame multi-unit residential buildings where the ground floor portion of the structure causes soft, weak, or open-front wall lines. The bill defines "soft-story building" to mean a wood frame, multi-unit residential building constructed before January 1, 1978, where the ground floor portion of the structure contains parking or other similar open floor space that causes soft, weak, or open-front wall lines.

The exclusion would remain in effect during the first 10 years following the reconstruction or improvement, but terminate if the property is purchased or changes ownership during that period. In the 11th year, the assessor would enroll the current full cash value of the portion of reconstruction or improvement to the structure that was excluded pursuant to this bill.

This bill provides that its provisions shall not take effect if Proposition 13, scheduled for the June 8, 2010 statewide election, is approved by voters.

FISCAL SUMMARY

Finance estimates this bill would have no state General Fund impact.

COMMENTS

Finance opposes this bill for the following reason:

- The necessity for this bill is unclear. Revenue and Tax Code section 74.5 presently excludes modifications for seismic retrofit from improvements that would cause reassessment of a property, and places no time limit on the exclusion.

Analyst/Principal (0762) C. Hill	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2009-2010	FC	2010-2011	FC	2011-2012	
L150/Loc Rev Prop	RV	No		-----	No/Minor	Fiscal Impact	-----	0995	
0001/Major Rev	SO	No		-----	No/Minor	Fiscal Impact	-----	0001	
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0995	Reimbursements								