

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Cedillo Analyst: Roger Lackey Bill Number: AB 166

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 04-17-2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Rehabilitation Of Historic Building Credit

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced February 5, 2001.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- FURTHER AMENDMENTS NECESSARY.
- DEPARTMENT POSITION CHANGED TO _____.
- REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED February 5, 2001 STILL APPLIES.
- OTHER - See comments below.

SUMMARY

This bill would:

- allow a credit based on the federal rehabilitation credit, and
- increase from 20% to 25% the credit for rehabilitation of certified historic structures located in redevelopment areas.

SUMMARY OF AMENDMENTS

The April 17, 2001, amendments incorporated the amendments included in the department's analysis of the bill as introduced February 5, 2001. As a result, the implementation considerations discussed in the department's earlier analysis have been resolved. However, the policy consideration still applies and is included below. In addition, a new technical consideration is included below. The remainder of the department's analysis of the bill as introduced February 5, 2001, still applies.

POSITION

Pending.

Board Position:

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Legislative Director

Date

Brian Putler

06/06/01

TECHNICAL CONSIDERATION

The Personal Income Tax Law (PITL) provides that the credit would only “apply to expenditures with respect to a qualified rehabilitated building located within this state.” However, the Bank and Corporation Tax Law (B&CTL) credit is less specific and would allow the credit to apply to “property located within this state.” Amendment 1 would make the phrasing of the B&CTL credit identical to the PITL.

ARGUMENTS/POLICY CONCERNS

This bill would create a state qualified building rehabilitation credit equal to the credit amount allowed under federal law. State credits patterned after federal law credits typically have reduced percentages for state purposes, as the taxpayer's state tax liability is generally proportionately smaller than their federal tax liability.

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FRANCHISE TAX BOARD'S
PROPOSED AMENDMENTS TO AB 166
As Amended April 17, 2001

AMENDMENT 1

On page 3, strikeout line 7, and insert:

expenditures with respect to a qualified rehabilitated building located within this state.