

State of California

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Legislative Change No. 06-30
Bill Number: AB 2638 Author: Laird Chapter Number: 06-892
Laws Affecting Franchise Tax Board: Revenue & Taxation Code Sections 17058 and 23610.5

Date Filed with the Secretary of State: September 30, 2006

SUBJECT: Low-Income Housing Credit/ "At Risk of Conversion" /Deletes Requirement that Property be Ineligible for Allocation of Tax Exempt Private Activity Mortgage Revenue Bonds

Assembly Bill 2638 (Laird), as enacted on September 30, 2006, made the following changes to California law:

Sections 17058 & 23610.5 of the Revenue and Taxation Code are amended.

This act modifies the criteria for property "at risk of conversion" so that a property with units receiving government assistance pursuant to the federal low-income housing tax credit could be considered in satisfying the 50 percent threshold even if the property is eligible to receive an allocation of tax-exempt private activity mortgage revenue bonds from the California Debt Limit Allocation Committee.

In addition, this act modifies the timeframe on rent levels and federally insured mortgages for property "at risk of conversion." For property with restrictions on rent and income levels, those restrictions would terminate within the five years before or after the date of application to the California Tax Credit Allocation Committee (TCAC). For property with a federally insured mortgage, that mortgage can be prepaid anytime within the five years before or after the date of application to TCAC.

The amendments made to Sections 17058 & 23610.5 of the Revenue and Taxation Code chapter out the changes made by SB 286 (Lowenthal, Stat. 2006, Ch. 890). This act is effective on January 1, 2006, and operative as of that date.

This act will not require any reports by the department to the Legislature.

Assistant Bureau Director

Patrice Gau-Johnson

Date

10/11/06