

State of California

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Legislative Change No. 06-29
Bill Number: SB 286 Author: Lowenthal Chapter Number: 06-890
Laws Affecting Franchise Tax Board: Revenue & Taxation Code Sections 12206,17058 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

Senate Bill 286 (Lowenthal), as enacted on September 30, 2006, made the following changes to California law:

Sections 12206, 17058, and 23610.5 of the Revenue and Taxation Code are amended.

This act modifies the criteria for property "at risk of conversion." 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 federal insured mortgages for property "at risk of conversion." For property with restrictions on rent and income levels, the 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, the mortgage can be prepaid anytime within the five years before or after the date of application to TCAC.

The amendments to Revenue and Taxation Code Sections 17058 and 23610.5 are chaptered out by AB 2638, chaptered on September 30, 2006 under Chapter Number 06-892. The remainder of this act is effective on January 1, 2007, 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