

SUMMARY ANALYSIS OF AMENDED BILL

Author: Gaines Analyst: Angela Raygoza Bill Number: AB 424
 Related Bills: See Prior Analysis Telephone: 845-7814 Amended Date: August 28, 2007
 Attorney: Douglas Powers Sponsor: _____

SUBJECT: Defensible Space Fire Protection Credit/Tahoe Regional Planning Agency Property Owners

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended August 1, 2007.
- 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/AMENDED _____ STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would provide a tax credit for amounts paid or incurred to create defensible space around specified properties.

SUMMARY OF AMENDMENTS

The August 28, 2007, amendments would add specific terms to the credit language and modify definitions. The amendments would also add an explicit statement requiring written certification as a condition to claiming this credit.

The "This Bill" discussion has been revised to include the August 28, 2007, amendments. As a result of the amendments, all of the department's implementation and technical considerations have been resolved. Except for the "This Bill", "Implementation Considerations", and "Technical Concerns" discussions, the remainder of the department's analysis of the bill as amended on August 1, 2007, still applies. The "Policy Concerns" remain and have been included below for convenience.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S	Brian Putler	8/29/07
<input type="checkbox"/> SA		
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<input checked="" type="checkbox"/> PENDING		

POSITION

Pending.

ANALYSIS

THIS BILL

For each taxable year beginning on or after January 1, 2007, and before January 1, 2011, this bill would provide a tax credit in an amount equal to the costs paid or incurred by a qualified taxpayer to create a defensible space during the taxable year. The credit shall not exceed \$500 for each qualified property.

This bill would define the following terms:

- “Defensible Space” means the area created by removing all brush, flammable vegetation, and combustible growth that is located within 100 feet of the structural components of a dwelling located on qualified property.
- “Dwelling” has the same meaning as described in section 704.710 of the Code of Civil Procedure, except boats or waterborne vessels are excluded which means:
 - A house together with the outbuildings and the land upon which they are situated.
 - A mobile home together with the outbuildings and the land upon which they are situated.
 - A condominium
- “Fire Department” means the local fire department that has jurisdiction over the qualified property.
- “Licensed Contractor” means a contractor with an active license issued by the Contractors’ State License Board.
- “Qualified costs” means 25 percent of the costs paid or incurred by a qualified taxpayer for labor and services performed by a licensed contractor to create a defensible space around qualified property, which costs are evidenced by records and documents including, but not limited to, a written certification.
- “Qualified property” means any dwelling located within the California portion of the region, as defined in Public Law 96-551 and the Tahoe Regional Planning Compact, which is generally known as the Tahoe Basin.
- “Qualified taxpayer” means any taxpayer that owns qualified property.
- “Written Certification” means a written evaluation by the fire department that certifies the establishment of defensible space, provided that the certification shall be obtained within 30 days after completion of the work establishing the defensible space. The taxpayer shall retain a copy of the certification and provide it to the Franchise Tax Board upon request.

This bill specifies that any deduction currently allowed for the same expense shall not be reduced by the amount of this credit. The credit could reduce the net tax or tax below tentative minimum tax.

This bill would allow unused credits to be carried over for five years.

This credit would be repealed as of December 1, 2011.

POLICY CONCERN

By allowing this credit in addition to any otherwise allowable deduction, this bill would allow taxpayers in certain circumstances to claim two tax benefits for the same item of expense.

This bill would provide an additional incentive for complying with existing law, which requires clearance of debris and brush within 100 feet of a dwelling. Additionally, El Dorado County is currently providing a program for property owners to remove hazardous trees in areas affected by the Angora Wildfire of June 2007.

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