

SUMMARY ANALYSIS OF AMENDED BILL

Author: Gilmore Analyst: William Koch Bill Number: AB 1065
 Related Bills: See Prior Analysis Telephone: 845-4372 Amended Date: January 4, 2010
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Farmworker Housing Credit/Modify Recapture Amount/Low-Income Housing Credit Recapture Provision

- DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.
- AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- AMENDMENTS DID NOT RESOLVE THE DEPARTMENTS 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 AMENDED STILL APPLIES.
- OTHER – See comments below.

SUMMARY

This bill would provide a recapture period for the low-income housing credit (LIHC) and modify the recapture period for the farmworker housing credit (FWHC), as specified.

SUMMARY OF AMENDMENTS

The January 4, 2010, amendments would provide a recapture period for the LIHC by conforming to the federal LIHC recapture provisions.

The January 4, 2010, amendments also struck and reinserted provisions that would modify the recapture period for the FWHC.

As a result of the amendments, the “Effective/Operative Date,” “This Bill,” “Economic Impact,” and “Technical Considerations” sections of the analysis of this bill as amended September 8, 2009, have been revised. The remainder of that analysis still applies.

Board Position:	Asst. Legislative Director	Date
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<input type="checkbox"/> SA		
<input type="checkbox"/> N		
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<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING	Patrice Gau-Johnson	1/7/10

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment. The provisions impacting the LIHC would be specifically operative for preliminary reservations of the LIHC on or after the effective date of this bill. The provisions impacting the FWHC would be specifically operative for FWHCs granted or allocated under former FWHC law.

THIS BILL

This bill would conform to the federal LIHC recapture provisions with a recapture period of 15 years for preliminary reservations of the LIHC on or after the effective date of the bill, while retaining the 30-year regulatory compliance period under existing law.

In addition, this bill would modify the recapture provisions for the FWHC under former California Revenue and Taxation Code sections 17053.14 and 23608.2 from 30 consecutive taxable years to 15 consecutive taxable years.

TECHNICAL CONSIDERATIONS

The Legislative Counsel’s Digest indicates this bill is an urgency act rather than a tax levy; however, the text of the bill indicates the act is a tax levy. It is recommended that the bill be amended to resolve this discrepancy.

ECONOMIC IMPACT

Revenue Estimate

Estimated Revenue Impact of AB 1065 – As Amended January 4, 2010 Applicable to FWHC Issued Prior to January 1, 2009 Applicable to Preliminary LIHC Reservations Made on or After Enactment Enactment Assumed After June 30, 2010			
Farmworker Housing Credit (Loss)	Approximately \$2,000,000 total loss starting 2014-15		
	Taxpayer confidentiality protections prohibit further disclosure due to the small number of projects involved.		
Low Income Housing Credit (Gain)	2026-27	2027-28	2028-29
	+\$1,800,000	+\$1,700,000	+\$1,800,000

This estimate does not consider the possible changes in investment activity, employment, personal income, or gross state product that could result from this bill.

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