



Bill Analysis

Author: Assembly Committee on the Budget	Sponsor: Phone: (916) 845-5683	Bill Number: AB 83 Amended: June 22, 2020
Analyst: Jahna Carlson	Related Bills: See Legislative History	
Attorney: Shane Hofeling		

SUBJECT

Omnibus Housing Bill – Budget Trailer Bill

SUMMARY

This budget trailer bill would modify provisions of the Government, Health and Safety, Revenue and Taxation (R&T), and Welfare and Institutions Codes relating to housing.

RECOMMENDATION

No position

SUMMARY OF AMENDMENTS

The June 22, 2020, amendments replaced budget trailer bill language that would have modified the Government, Labor, and Unemployment Insurance Codes relating to employment with language that would modify provisions of the Government, Health and Safety, R&T, and Welfare and Institutions Codes relating to housing.

The changes to provisions of the Government Code (GC), Health and Safety Code, Welfare Institutions Code, and the Insurance Tax Laws relating to housing are not administered by the department, do not affect the department, and are not discussed in this analysis.

This is the department's first analysis of the bill.

REASON FOR THE BILL

The reason for the bill is to make various statutory changes related to implementing the 2020 Budget Act.

ANALYSIS

This bill would modify the statutes providing for the Low Income Housing Credit (LIHC) for income and franchise tax by prohibiting the California Tax Credit Allocation Committee (Allocation Committee) from accepting applications for the additional LIHC allocation for calendar year 2021 as appropriated by the Legislature until 30 days after the Allocation Committee and the California Debt Limit Allocation Committee adopt rules, guidelines, and regulations that align both committees' programs with the objective of increasing production and containing costs, as specified. The bill also includes specific parameters the committees are required to include in their regulations, rules, and guidelines, and grants the California Debt Limit Allocation Committee emergency regulatory authority for bond allocations for the 2021 calendar year.

Effective/Operative Date

As an urgency measure, this bill is operative and effective immediately upon enactment. The change to the statutes providing for the LIHC is specifically applicable to the allocation application process for the 2021 calendar year.

Federal/State Law

Federal Law

Current federal tax law allows an LIHC for the costs of constructing, rehabilitating, or acquiring low-income housing. The LIHC amount varies depending on several factors, including when the housing was placed in service and whether it was federally subsidized; and varies between 30 and 70 percent of the present value of the qualified low-income housing. The federal LIHC is claimed over ten years.

State Law

Current state tax law conforms with modifications to the federal LIHC. The state LIHC is administered by the Allocation Committee. The Allocation Committee certifies the amount of LIHC allocated and provides a copy of the certificate to each taxpayer. The taxpayer is required, upon request, to provide a copy of the certificate to the Franchise Tax Board.

For calendar years beginning in 2021 and thereafter, an additional annual amount up to \$500,000,000 may be available for allocation pursuant to an authorization in the annual Budget Act or related legislation, and specified regulatory action by the Allocation Committee.

Implementation Considerations

The LIHC is allocated and managed by the Allocation Committee; therefore, these changes would not significantly impact the department.

Technical Considerations

None noted.

Policy Concerns

None noted.

LEGISLATIVE HISTORY

AB 89 (Ting, Chapter 7, Statutes of 2020), the Budget Act of 2020, among other things appropriated an additional \$500 million for LIHC allocations.

AB 10 (Chiu, et al., 2019/2020) would have, among other things, increased the LIHC allocations for both the regular credit and the farmworker housing credit, and removed the rental passive activity loss limitation. AB 10 was placed on the Senate Appropriations Committee's suspense file August 26, 2019.

AB 101 (Committee on Budget, Chapter 159, Statutes of 2019), among other things, under the Personal Income Tax Law (PITL) and the Corporation Tax Law (CTL), modified the LIHC.

SB 110 (Committee on Budget and Fiscal Review, 2019/2020) would similar to this bill modify provisions of the Government, Health and Safety, R&T, and Welfare and Institutions Codes relating to housing. SB 110 is pending hearing before the Assembly Committee on Budget.

SB 1030 (Committee on Housing, 2019/2020) would, under the PITL and the CTL, modify the LIHC, and would also propose several housing-related changes under the GC, Health and Safety Code, and the Welfare and Institutions Code. SB 1030 is pending hearing before the Assembly Housing and Community Development Committee.

AB 571 (Garcia, Chapter 372, Statutes of 2017) modified: 1) the definition of farmworker housing; and 2) the applicable percentage used by the Allocation Committee for purposes of allocating and determining the LIHC for federally subsidized farmworker housing.

AB 71 (Garcia, et al., 2017/2018) would among other things, have modified the allocation of the LIHC relating to the types of housing and methods that qualified. AB 71 failed to pass out of the house of origin by the constitutional deadline.

PROGRAM BACKGROUND

None noted.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Revenue Estimate

This bill as amended June 22, 2022, may have a minor impact on the timing of credit allocations, but this would not change state income or franchise tax revenue.

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

LEGAL IMPACT

None noted.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

To be determined.

ARGUMENTS

To be determined.

LEGISLATIVE STAFF CONTACT

Jahna Carlson
Legislative Analyst, FTB
(916) 845-5683
jahna.carlson@ftb.ca.gov

Tiffany Christiansen
Revenue Manager, FTB
(916) 845-5346
tiffany.christiansen@ftb.ca.gov

Bill Analysis
Amended June 22, 2020

Bill Number: AB 83

Annette Kunze
Legislative Director, FTB
(916) 845-6333
annette.kunze@ftb.ca.gov