

ASSEMBLY BILL

No. 585

Introduced by Assembly Member Melendez

February 24, 2015

An act to add and repeal Section 17053.37 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 585, as introduced, Melendez. Outdoor Water Efficiency Act of 2015: income tax credits: outdoor water efficiency.

The Personal Income Tax Law allows various credits against the taxes imposed by that law.

This bill, for taxable years beginning on or after January 1, 2015, and before January 1, 2021, or an earlier specified date, would allow a credit equal to 25% of the amount paid or incurred by a qualified taxpayer for improvements made to outdoor landscapes on real property in this state, not to exceed \$2,500 per taxable year, as specified.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The 2014 water year, ending on September 30, was the third
- 4 driest based on the 119-year long statewide precipitation record.

1 (b) Temperatures in the first nine months of 2014 were record
2 breaking—4.1 degrees above the 20th century average across the
3 state.

4 (c) Responding to these unprecedented dry and hot conditions,
5 the United States Drought Monitor classified more than 80 percent
6 of California in an “extreme” drought condition, with 58% of
7 California in an “exceptional” drought, the highest condition.

8 (d) On January 17, 2014, the Governor called upon retail water
9 providers throughout California to reduce residential per capita
10 water use by 20% as compared to 2013 levels.

11 (e) Outdoor water use accounts for the highest percentage of
12 regional water use.

13 (f) Landscape design, installation, maintenance, and
14 management can and should be water efficient. The use of
15 water-efficient landscapes contributes to the state’s efforts to
16 increase the reliability of its water supplies.

17 (g) Municipalities and local water agencies are tasked with
18 enforcing water conservation ordinances to eliminate water waste
19 and restrict outdoor water use.

20 (h) It is the intent of the Legislature to provide an income tax
21 credit for the purchase of outdoor water use efficiency
22 improvements during the exceptional drought that California is
23 facing.

24 SEC. 2. Section 17053.37 is added to the Revenue and Taxation
25 Code, to read:

26 17053.37. (a) For each taxable year beginning on or after
27 January 1, 2015, and before January 1, 2021, there shall be allowed
28 as a credit against the “net tax,” as defined in Section 17039, an
29 amount equal to 25 percent of the amount paid or incurred during
30 the taxable year by a qualified taxpayer for water-efficiency
31 improvements for outdoor landscapes on qualified real property
32 in this state, not exceed two thousand five hundred dollars (\$2,500)
33 per taxable year.

34 (b) For the purposes of this section, the following definitions
35 shall apply:

36 (1) “Multifamily residential real property” means any real
37 property that is improved with, or consisting of, a building
38 containing more than one unit that is intended for human habitation,
39 or any mixed residential-commercial buildings or portions thereof
40 that are intended for human habitation. Multifamily residential

1 real property includes residential hotels but does not include hotels
2 and motels that are not residential hotels.

3 (2) “Qualified real property” means either multifamily
4 residential real property or single-family real property.

5 (3) “Qualified taxpayer” means the owner of any qualified real
6 property.

7 (4) “Single-family residential real property” means any real
8 property that is improved with, or consisting of, a building
9 containing not more than one unit that is intended for human
10 habitation.

11 (5) “Water-efficiency improvements” means any expenditure
12 paid or incurred by the qualified taxpayer to meet a locally adopted,
13 water-efficient landscape ordinance, regulation, or established
14 outdoor landscape efficiency program.

15 (c) Section 42 does not apply to the credit allowed by this
16 section.

17 (d) This section shall remain in effect until December 1, 2021,
18 and as of that date is repealed, unless the drought state of
19 emergency declared by the Governor on January 17, 2014, is
20 terminated before that date, in accordance with Section 8629 of
21 the Government Code. In that event, this section shall remain
22 operative only until midnight on the first day of the first calendar
23 quarter commencing more than 60 days after the date of the
24 termination of the state of emergency, and credits shall be allowed
25 only for taxable years beginning on or before the date this section
26 becomes inoperative, and as of December 1, 2021, is repealed.

27 SEC. 3. This act provides for a tax levy within the meaning of
28 Article IV of the Constitution and shall go into immediate effect.