

AMENDED IN ASSEMBLY MARCH 16, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 585**

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**Introduced by Assembly Member Melendez**

February 24, 2015

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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 amended, Melendez. Outdoor Water Efficiency Act of 2015: *personal* 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 *water-efficiency* improvements made to outdoor landscapes on *qualified* 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 (5) “Water efficiency improvements” means expenditures paid  
16 or incurred by the qualified taxpayer to meet the requirements of  
17 any of the following:

18 (A) A local water-efficient landscape ordinance adopted or in  
19 effect pursuant to subdivision (c) of Section 65595 of the  
20 Government Code.

21 (B) A local landscape regulation or restriction on the use of  
22 water adopted pursuant to Section 353 or Section 375 of the Water  
23 Code.

24 (C) A water-efficient landscape program that is developed and  
25 implemented by a regional or local water agency for the specific  
26 purpose of reducing water use.

27 (c) Section ~~42~~ 41 does not apply to the credit allowed by this  
28 section.

29 (d) This section shall remain in effect until December 1, 2021,  
30 ~~and as of that date is repealed,~~ unless the drought state of  
31 emergency declared by the Governor on January 17, 2014, is  
32 terminated before that date, in accordance with Section 8629 of  
33 the Government Code. In that event, this section shall remain  
34 ~~operative in effect~~ only until midnight on the first day of the first  
35 calendar quarter commencing more than 60 days after the date of  
36 the termination of the state of emergency, *or until December 1,*  
37 *2021, whichever is earlier,* and credits shall be allowed only for  
38 ~~taxable years beginning on or that portion of the taxable year~~  
39 ~~before the date this section becomes inoperative, and as of~~  
40 ~~December 1, 2021, is repealed.~~

- 1     *(e) This section is repealed on December 1, 2021.*
- 2     SEC. 3. This act provides for a tax levy within the meaning of
- 3     Article IV of the Constitution and shall go into immediate effect.

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