



STATE BOARD OF EQUALIZATION  
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No. 2011/030

August 12, 2011

TO COUNTY ASSESSORS:

SOLAR ENERGY PROPERTY TAX INCENTIVE –  
RECENT LEGISLATION

Assembly Bill 15 of the first extraordinary legislative session was signed by the Governor on June 27, 2011 as an urgency statute to take effect immediately.<sup>1</sup>

This bill modifies and clarifies Revenue and Taxation Code section 73, as follows:

- The definition of an active solar energy system has been modified to include a system that is, upon completion of construction, a part of a new property or is an addition to existing property.
- The new construction exclusion remains in effect only until there is a subsequent change in ownership.
- Active solar energy systems qualifying for the new construction exclusion prior to January 1, 2017 (the date the legislation is repealed) continue to be excluded after that date.

Newly constructed active solar energy systems are often sold or transferred in sale-leaseback arrangements, special partnership structures, or other transactions to purchasers that may also be eligible for federal tax benefits. This legislation ensures that newly constructed active solar energy systems financed using such arrangements where the solar energy system itself, but not the real estate, is sold or transferred to a third party, will continue to receive the property tax exclusion.

This bill also makes findings and declarations that systems constructed as freestanding or parking lot canopies qualify under section 73, and that its provisions are declaratory of existing law.

The complete text of the bill is available at [abx1 15 bill 20110628 chaptered.pdf](#).

The Board's County-Assessed Properties Division is currently developing *Guidelines for Application of the New Construction Exclusion to Active Solar Energy Systems* for publication in the near future.

<sup>1</sup> Stats. 2011, ch 3.

For further information on this new construction exclusion, see Letters To Assessors 2008/037, 2004/051, and 2005/056. If you have any questions about this exclusion, please contact our Assessment Services Unit at 916-274-3350.

Sincerely,

/s/ David J. Gau

David J. Gau  
Deputy Director  
Property and Special Taxes Department

DJG:mm