

Issue Paper Number **10-006**



- Board Meeting
- Business Taxes Committee
- Customer Services and Administrative Efficiency Committee
- Legislative Committee
- Property Tax Committee
- Other

Form to Implement Senate Bill 111, Seismic Safety Construction Exclusion

I. Issue

What form should the State Board of Equalization (Board) adopt to implement the provisions of Senate Bill 111¹ which revised the seismic safety construction exclusion from property taxation?

II. Alternative 1 - Staff Recommendation

Staff recommends that the attached draft form BOE-64, *Claim for Seismic Safety Construction Exclusion from Assessment*, be adopted by the Board.

III. Other Alternative(s) Considered

None

¹ Stats. 2008, Ch. 336, effective June 9, 2010.

IV. Background

Government Code section 15606, subdivision (d), mandates that the Board shall prescribe and enforce the use of all forms for the assessment of property for taxation. More specifically, Revenue and Taxation Code section 74.5 provides that the Board will prescribe the manner and form for claiming the seismic safety construction exclusion from property taxation.

On June 8, 2010, the voters of California approved Proposition 13² which amended article XIII A of the California Constitution to combine two former new construction exclusions for seismic retrofitting. The results of this constitutional amendment was that provisions were implemented from a California Assessors' Association (CAA) omnibus bill (Senate Bill 111) to delete a 15-year limitation for qualified seismic improvements made to unreinforced masonry buildings. The implementing statute is Revenue and Taxation Code section 74.5.

As amended, section 74.5 provides a new construction exclusion for the addition of any seismic retrofitting components to existing buildings and structures. Section 74.5 does not apply to any seismic retrofitting components of an entirely new structure. Section 74.5 further provides:

The State Board of Equalization shall prescribe the manner and form for claiming the exclusion.

V. Discussion

When the proposed constitutional amendment (Proposition 13) was placed on the ballot for the June elections, Board staff began working on revisions to form BOE-64 in the event that Proposition 13 would be passed by the voters. A draft of the form was created to incorporate the revisions to section 74.5. The form was sent to the CAA Forms Subcommittee for comments. The attached form BOE-64 was approved by the CAA Forms Subcommittee.

VI. Alternative 1 - Staff Recommendation

Staff recommends that the Board adopt the attached form BOE-64 to implement the provisions of the revised seismic safety construction exclusion from property taxation.

A. Description of Alternative 1

The attached form BOE-64 was drafted by Board staff for use by counties in providing taxpayers a means of filing a claim to receive an exclusion from assessment for the addition of any seismic retrofitting components to existing buildings and structures.

After receiving comments from the CAA Forms Subcommittee members, the draft form was revised to incorporate their suggestions. The attached form represents consensus by interested parties on all issues.

B. Pros of Alternative 1

Adoption of proposed form BOE-64 will promote uniformity within the county assessors' offices throughout California and will comply with the Board's mandated requirements in section 74.5 of the Revenue and Taxation Code.

² SCA 4, Stats. 2008, Res. Ch. 115.

FORMAL ISSUE PAPER

C. Cons of Alternative 1

None

D. Statutory or Regulatory Change for Alternative 1

None

E. Operational Impact of Alternative 1

None

F. Administrative Impact of Alternative 1

1. Cost Impact

Development of Property Tax forms is within the scope of statutory duties of the County-Assessed Properties Division and will be absorbed by existing staff.

2. Revenue Impact

None

G. Taxpayer/Customer Impact of Alternative 1

None

H. Critical Time Frames of Alternative 1

Action by the Board at its July 2010 meeting will ensure timely compliance with the constitutional amendment passed by the voters on June 8, 2010, and its implementing legislation which took affect on June 9, 2010.

VII. Other Alternatives

A. Description of Alternative

None

Preparer/Reviewer Information

Prepared by: Property and Special Taxes Department; County-Assessed Properties Division

Current as of: June 11, 2010

BOE-64 (P1) REV. 08 (07-10)

**CLAIM FOR SEISMIC SAFETY CONSTRUCTION
 EXCLUSION FROM ASSESSMENT**

This claim must be filed with the Assessor prior to, or within 30 days, of completion of construction.

CLAIMANT NAME AND MAILING ADDRESS
 (Make necessary corrections to the printed name and mailing address)

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FOR ASSESSOR'S USE ONLY	
DATE RECEIVED	_____
APPROVED	<input type="checkbox"/> DENIED <input type="checkbox"/>
REASON FOR DENIAL	_____
_____	_____

CLAIMANT'S NAME (PLEASE PRINT)		ASSESSOR'S PARCEL NUMBER
STREET ADDRESS (IF DIFFERENT THAN MAILING ADDRESS)		CITY
		ZIP CODE
DATE OF (OR ANTICIPATED DATE OF) COMPLETION	DAYTIME TELEPHONE NUMBER ()	E-MAIL ADDRESS

YES NO The property owner, primary contractor, civil or structural engineer, or architect has certified to the building department those portions of the project that are seismic retrofitting components, as defined by Revenue and Taxation Code section 74.5(b)(2).

Section 74.5 of the Revenue and Taxation Code excludes from assessment that portion of an existing structure that consists of the construction and reconstruction of seismic components.

In order to receive the exclusion, this claim form must be filed with the assessor prior to, or within 30 days of, completion of the project. All documents necessary to support the exclusion must be filed by the property owner with the Assessor not later than six months after completion of the project.

The property owner, primary contractor, civil or structural engineer, or architect shall certify to the building department those portions of the project that are seismic retrofitting components, as defined by Revenue and Taxation Code section 74.5(b)(2). Upon completion of the project, the building department shall report to the Assessor the costs of the portions of the project that are seismic retrofitting components.

For purposes of section 74.5

- (1) "Seismic retrofitting components" means seismic retrofitting improvements and improvements utilizing earthquake hazard mitigation technologies.
- (2) "Seismic retrofitting improvements" means retrofitting or reconstruction of an existing building or structure, to abate falling hazards from structural or nonstructural components of any building or structure including, but not limited to, parapets, appendages, cornices, hanging objects, and building cladding that pose serious danger. "Seismic retrofitting improvements" also means either structural strengthening or providing the means necessary to resist seismic force levels that would otherwise be experienced by an existing building or structure during an earthquake, so as to significantly reduce hazards to life and safety while also providing for the substantially safe ingress and egress of building occupants during and immediately after an earthquake. "Seismic retrofitting improvements" does not include alterations, such as new plumbing, electrical, or other added finishing materials, made in addition to seismic-related work performed on an existing structure. "Seismic retrofitting" includes, but is not limited to, those items referenced in Appendix Chapters 5 and 6 of the Uniform Code for Building Conservation of the International Conference of Building Officials.
- (3) "Improvements utilizing earthquake hazard mitigation technologies" means improvements to existing buildings identified by a local government as being hazardous to life in the event of an earthquake. These improvements shall involve strategies for earthquake protection of structures. These improvements shall use technologies such as those referenced in Part 2 (commencing with Section 101) of Title 24 of the California Building Code and similar seismic provisions in the Uniform Building Code.

THIS EXCLUSION EXPIRES UPON CHANGE IN OWNERSHIP OF THE PROPERTY.

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

SIGNATURE OF PERSON MAKING CLAIM	DATE
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THIS DOCUMENT IS SUBJECT TO PUBLIC INSPECTION