



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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December 13, 1990

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No. 90/79

TO COUNTY ASSESSORS:

SUNSET OF SOLAR EXCLUSION FROM NEW CONSTRUCTION

Currently, Revenue and Taxation Code Section 73 excludes from the term "new construction," any "active solar energy system." This exclusion went into effect on November 4, 1980 and remains effective until January 1, 1991. Assembly Bill 4090 (Wyman) was passed by both houses and would have extended the sunset date to January 1, 1997. Governor Deukmejian vetoed this legislation.

As it stands, subdivision (c) of Section 73 provides that the section is applicable to lien dates for 1981-82 to 1990-91 fiscal years, inclusive. It further provides that the section shall remain in effect only until January 1, 1991.

Consequently, it is our position that any solar energy system completed on or after January 1, 1991 would not qualify for exclusion from new construction. Of course, any solar energy system that has qualified for the exclusion under Section 73 will continue to receive the benefit until that property changes ownership.

If a property, or a portion of a property, currently is excluded from new construction under Section 73 and some additional active solar energy systems are added to the property, anything qualifying as new construction would be assessable as of the date of completion of new construction. The additional new construction would not have any effect on existing property that was previously excluded under Section 73.

If you have any further questions, please feel free to contact our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

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