

**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

May 25, 1993

(Executive Committee--Action)
To: Board of Directors (Special Committee on Legislation--Action)
From: General Manager
Subject: Senate Bill No. 50 (Thompson)

Report

Introduced December 22, 1992, Senate Bill No. 50 (SB 50) proposes to exempt any portion of new construction improvements to real property for the purpose of added water conservation efficiency from triggering reassessment for property tax purposes. An amendment to SB 50, submitted April 13, 1993 by Senator Thompson and co-sponsored by Assembly Member Aerias, proposes the exemption apply only to conservation equipment used for agricultural purposes (see attachment).

Given the significant financial commitment that Metropolitan, its member agencies and subagencies, other urban water agencies throughout the State, and the private sector are making to implement the Urban Water Conservation Best Management Practices, there appears to be no logic or justification for limiting this significant benefit to agriculture only. The exemption should apply to conservation improvements, regardless of purpose of water use. Staff believes that new construction for water conservation improvements should not trigger reassessment for property tax purposes.

Board Committee Assignments

This letter is referred for action to:

The Executive Committee because it involves a legislative matter that may affect the District, pursuant to Administrative Code Section 2381(a); and

The Special Committee on Legislation because it involves a legislative matter that may affect the District, pursuant to Administrative Code Section 2581(a).

Recommendation

EXECUTIVE COMMITTEE AND SPECIAL COMMITTEE ON LEGISLATION FOR ACTION.

Support Senate Bill No. 50 if amended to read as originally proposed.


for General Manager

JPW:ajs

Attachment

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AMENDED IN SENATE APRIL 13, 1993

SENATE BILL

No. 50

Introduced by Senator Thompson
(Coauthor: Assembly Member Areias)

December 22, 1992

An act to add Section 73.5 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 50, as amended, Thompson. Property taxation: new construction: exclusion.

Existing provisions of the California Constitution generally limit ad valorem property taxes on real property to 1% of the full cash value of that property. For purposes of the foregoing limitation, "full cash value" is defined as the value of the real property as shown on the 1975-76 tax bill or, thereafter, its appraised value when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

This bill would provide, for purposes of those constitutional provisions defining "full cash value," that the term "newly constructed" does not include that portion of any improvement to real property that consists of the installation of ~~drip or sprinkler irrigation systems or soil moisture measuring devices, or other water conservation devices equipment~~, as defined by the Legislature, for agricultural use. It would define the term "other water conservation devices" to include water conservation devices, other than drip or sprinkler irrigation systems and soil moisture measuring devices, that are installed as part of any improvement made to real property used for agricultural, commercial, industrial, or residential purposes.

This bill would provide that it shall become operative only if SCA ~~1111~~ 4 of the 1993-94 Regular Session is approved

SB 50

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by the voters and becomes operative, and in that event, this bill would become operative on the same date as that measure.

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. Section 73.5 is added to the Revenue and
2 Taxation Code, to read:

3 73.5. (a) For purposes of subdivision (a) of Section 2
4 of Article XIII A of the California Constitution, the term
5 "newly constructed" does not include that portion of any
6 improvement to real property that consists of the
7 installation of ~~drip or sprinkler irrigation systems or soil~~
8 ~~moisture measuring devices, or other water conservation~~
9 ~~devices~~ *water conservation equipment for agricultural*
10 *use.*

11 (b) For purposes of this section, "~~other water~~
12 ~~conservation devices~~" means ~~water conservation devices,~~
13 ~~other than drip or sprinkler irrigation systems and soil~~
14 ~~moisture measuring devices, that are installed as part of~~
15 ~~any improvement made to real property used for~~
16 ~~agricultural, commercial, industrial, or residential~~
17 ~~purposes.~~ *"water conservation equipment" means any*
18 *device, system, pipeline, mechanism, or improvement*
19 *that is installed to replace or improve an existing system*
20 *for the purpose of reducing water usage.*

21 SEC. 2. This act shall become operative only if Senate
22 Constitutional Amendment ~~///~~ 4 of the 1993-94
23 Regular Session is approved by the voters and becomes
24 operative, and in that event this act shall become
25 operative on the same date as that measure.