



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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No. 91/51

June 21, 1991

TO COUNTY ASSESSORS:

ACTIVE SOLAR ENERGY SYSTEMS
EXCLUSION OF CERTAIN NEW CONSTRUCTION FROM ASSESSMENT

Chapter 28 of the Statutes of 1991 (Senate Bill 103, Morgan) adds Section 73 to the Revenue and Taxation Code. This bill provides that the term "newly constructed" does not include the construction or addition of any active solar energy system. A similar exclusion of new construction from assessment for certain solar energy systems was repealed on January 1, 1991 (see letter to assessors 90/79). The new exclusion is applicable to qualifying new construction existing on lien dates 1991-92, 1992-93, and 1993-94 (Section 73(d)). It is repealed January 1, 1995 unless new legislation deletes or extends the sunset date. We expect future legislation to clarify whether the exclusion applies to the 1994-95 lien date.

This legislation nullifies the assessment procedures outlined in letter to assessors 90/79. In that letter we stated ". . . any solar energy system completed on or after January 1, 1991 would not qualify for exclusion from new construction." As a result of this bill, the construction or addition of any qualified active energy solar system for lien dates 1991-92 through 1993-94 is excluded from assessment. The legislation also specifically excludes qualified new construction completed on or after January 1, 1991 from supplemental assessment (Section 73(d)). Therefore, any active solar energy system completed between January 1, 1991 and March 1, 1991 is also exempt from property taxation.

The previous provisions of Section 73 specified that the additional cost of installing a solar swimming pool heater over a conventional pool heater was excluded from assessment. Please note the new section no longer excludes this additional cost. Solar swimming pool heaters and hot tub heaters do not qualify as "active solar energy systems" (Section 73(b)). Accordingly, swimming pool heaters and hot tub heaters -- solar or conventional -- installed on or after January 1, 1991 are assessable at full cash value.

We have enclosed a copy of Senate Bill 103 for your reference. If you have any questions concerning the exclusion of active solar energy systems

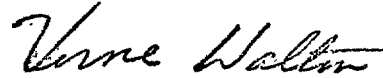
TO COUNTY ASSESSORS

-2-

June 21, 1991

from assessment under the new statute, please call our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,



Verne Walton, Chief
Assessment Standards Division

VW:sk
Enclosure