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SB-219 Property taxation: delinquent penalties and costs: cancellation: public health orders. (2021-2022)

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Senate Bill No. 219

CHAPTER 131

An act to amend Section 4985.2 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor July 23, 2021. Filed with Secretary of State July 23, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

SB 219, McGuire. Property taxation: delinquent penalties and costs: cancellation: public health orders.

Existing property tax law requires the county tax collector to collect all property taxes and provides for the payment of taxes on the secured roll in 2 installments, which are due and payable on November 1 and February 1, respectively. Under existing property tax law, the first installment becomes delinquent if unpaid on December 10, and the 2nd installment becomes delinquent on April 10, at which point a delinquent penalty of 10% attaches to the applicable installment. Existing property tax law authorizes a county auditor or tax collector to cancel any penalty, costs, or other charges resulting from tax delinquency if the auditor or tax collector finds, among other reasons, that the failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, as provided.

This bill would additionally authorize the auditor or the tax collector to cancel any penalty, costs, or other charges resulting from tax delinquency upon a finding that failure to make a timely payment is due to a documented hardship, as determined by the tax collector, arising from a shelter-in-place order, as defined, if the principal payment for the proper amount of tax due is paid no later than June 30 of the fiscal year in which the payment first became delinquent. By increasing the duties of local agencies, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 4985.2 of the Revenue and Taxation Code is amended to read:

4985.2. Any penalty, costs, or other charges resulting from tax delinquency may be canceled by the auditor or the tax collector upon a finding of any of the following:

(a) Failure to make a timely payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the principal payment for the proper amount of the tax due is made no later than June 30 of the fourth fiscal year following the fiscal year in which the tax became delinquent.

(b) There was an inadvertent error in the amount of payment made by the taxpayer, provided the principal payment for the proper amount of the tax due is made within 10 days after the notice of shortage is mailed by the tax collector.

(c) The cancellation was ordered by a local, state, or federal court.

(d) (1) Failure to make a timely payment is due to a documented hardship, as determined by the tax collector, arising from a shelter-in-place order if the principal payment for the proper amount of tax due is paid no later than June 30 of the fiscal year in which the payment first became delinquent.

(2) For purposes of this subdivision, "shelter-in-place order" means an order that meets all of the following criteria:

(A) The order is issued by the Governor or the local health officer of the city, county, or city and county in which the property is located or in which the property owner resides.

(B) The order is enforceable under Section 101029 or 120295 of the Health and Safety Code.

(C) The order requires all persons to remain in their place of residence, except for essential activities as defined in the order.

SEC. 2. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

The economic effects of the COVID-19 pandemic will continue to persist until after the delinquency deadlines for the first installment of property tax payments for the 2021–22 fiscal year has passed. Unless legislation provides otherwise, state law will require county tax collectors to impose delinquency penalties on taxpayers and small businesses who cannot pay that installment when the nonpayment results from a documented hardship resulting the economic effects of the pandemic.