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SB-989 Property taxation: taxable value transfers: disclosure and deferment. (2021-2022)

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Senate Bill No. 989

CHAPTER 712

An act to add Section 2610.8 to, and to add and repeal Section 2636.1 of, the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 28, 2022. Filed with Secretary of State September 28, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 989, Hertzberg. Property taxation: taxable value transfers: disclosure and deferment.

The California Constitution generally limits ad valorem taxes on real property to 1% of the full cash value of that property, defined as the county assessor's valuation of real property as shown on the 1975–76 tax bill and, thereafter, the appraised value of the property when purchased, newly constructed, or a change in ownership occurs after the 1975 assessment, subject to an annual inflation adjustment not to exceed 2%. Existing property tax law authorizes, pursuant to constitutional authorization, on and after April 1, 2021, any person who is over 55 years of age, any severely and permanently disabled person, or a victim of wildfire or natural disaster who resides in property that is eligible for the homeowner's exemption or the disabled veteran's exemption to transfer the taxable value of that property to a replacement dwelling that is purchased or newly constructed as a principal residence within 2 years of the sale of the original property, as provided.

Existing property tax law 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, unpaid property taxes become delinquent, and subject to a delinquent penalty of 10%, as provided. Existing property tax law, after the 2nd installment becomes delinquent, requires the tax collector to collect a cost of \$10 for preparing the delinquent tax records and giving notice of delinquency and to prepare a delinquent roll, as provided. Under existing property tax law, the taxes, assessments, penalties, and costs on certain real property which have not been paid are declared to be in default at 12:01 a.m. on July 1.

This bill would require, except as provided, payment of property taxes for a property to be deferred, without penalty or interest, if the property owner has claimed the property tax relief described above, but the county assessor has not completed its determination of the property's eligibility for that relief, and the person requests deferment with the county assessor within one calendar year, but before January 1, 2024, of receiving the first tax bill for the property. The bill would defer those property taxes until the county assessor has reassessed the property and a corrected tax bill has been prepared and sent to the property owner or the county assessor has determined the property is not eligible for the property tax relief. The bill would set forth procedures for making payments following correction or determination of ineligibility.

This bill would also require a disclosure to be printed on each tax bill for properties that have been purchased, newly constructed, or changed in ownership in the year preceding the tax bill. The bill would require the disclosure to include information regarding the property tax relief and deferment procedures described above.

This bill would require counties with a population of over 4,000,000, as determined by the 2020 federal census, to comply with the bill's requirements. The bill would authorize all other counties to comply with the bill's requirements if the county's board of supervisors, after consultation with the county assessor, county auditor, county treasurer, and county tax collector, adopts a resolution to implement the requirements.

By imposing additional duties on local tax officials, the 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 2610.8 is added to the Revenue and Taxation Code, to read:

2610.8. (a) A disclosure shall be printed on each tax bill for properties that have been purchased, newly constructed, or changed in ownership in the year preceding the tax bill that includes all of the following information:

(1) A brief summary of the availability of the property tax relief under Section 69.6.

(2) A brief summary of deferment procedures under Section 2636.1.

(b) (1) This section shall apply to counties with a population of over 4,000,000, as determined by the 2020 federal census.

(2) This section shall not apply to a county with a population of 4,000,000 or less, as determined by the 2020 federal census, unless the county's board of supervisors, after consultation with the county assessor, county auditor, county treasurer, and county tax collector, pass a resolution implementing the requirements of this section.

SEC. 2. Section 2636.1 is added to the Revenue and Taxation Code, to read:

2636.1. (a) Notwithstanding any law, payment of property taxes for a property shall be deferred, without penalty or interest, if both of the following apply:

(1) The property owner has claimed the property tax relief described in Section 69.6 for the property, but the county assessor has not completed its determination of the property's eligibility for property tax relief under that section.

(2) The property owner requests deferment with the county assessor within one calendar year, but before January 1, 2024, of receiving the first tax bill for the property.

(b) Payment of property taxes that have been deferred pursuant to subdivision (a) shall be deferred until either of the following occur:

(1) The county assessor has reassessed the property and a corrected tax bill prepared pursuant to Section 69.6 has been sent to the property owner.

(2) The county assessor has determined the property is not eligible for exclusion pursuant to Section 69.6, and the assessor has notified the property owner.

(c) (1) First installments of property taxes that have been deferred pursuant to this section but that have since been corrected pursuant to paragraph (1) of subdivision (b) shall be due and payable December 10 or 30 days after the date the bill is mailed or electronically transmitted to the owner, whichever is later. Second installments of property taxes that have been deferred pursuant to this section but that have since been corrected shall be due and payable April 10 or 30 days after the date the bill is mailed or electronically transmitted to the owner, whichever is later.

(2) First installments of property taxes that have been deferred pursuant to this section but that have been deemed correct pursuant to paragraph (2) of subdivision (b) shall be due and payable December 10 or 30 days after the postmark date or date of mailing printed on the county assessor's notice to the property owner, whichever is later. Second installments of property taxes that have been deferred pursuant to this section but that have since been corrected shall be due and payable April 10 or

30 days after the postmark date or date of mailing printed on the county assessor's notice to the property owner, whichever is later.

(3) Deferred tax installments that are unpaid shall become delinquent at 5 p.m., or the close of business, whichever is later, of the due date and shall be subject to delinquency penalties as provided by law.

(d) This section shall not apply to property taxes paid through impound accounts.

(e) (1) This section shall apply to counties with a population of over 4,000,000, as determined by the 2020 federal census.

(2) This section shall not apply to a county with a population of 4,000,000 or less, as determined by the 2020 federal census, unless the county's board of supervisors, after consultation with the county assessor, county auditor, county treasurer, and county tax collector, pass a resolution implementing the requirements of this section.

(f) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 3. 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. 4. 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:

In order to protect seniors, the severely disabled, and victims of wildfire or natural disaster from losing their property due to increases in property tax, it is necessary for this act to take immediate effect.