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**AB-3134 Property taxation: refunds.** (2023-2024)

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**Assembly Bill No. 3134**

**CHAPTER 922**

An act to amend Sections 5097, 5104, 5105, and 5151 of, and to add Sections 5086.2, 5108, and 5109 to, the Revenue and Taxation Code, relating to property taxation.

[ Approved by Governor September 29, 2024. Filed with Secretary of State September 29, 2024. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 3134, Chen. Property taxation: refunds.

Existing law requires property taxes to be refunded to the taxpayer or last recorded owner under specified circumstances, as provided, and requires that a refund only be made pursuant to a claim for refund, except as provided.

This bill would require the county auditor, if the cancellation of taxes will result in a refund, to either process the refund to the payer of the tax or notify the payer in writing of the requirements for obtaining a refund, as specified. The bill would require that a claim for a refund under this provision be deemed timely filed if it is filed within 60 days of the notice, as specified. This bill would also authorize an order for refund of taxes or assessments to be paid to the assessee of a property, as specified, without a claim for refund filed, if certain conditions are met, including, among other requirements, that the amount of the refund is less than \$10,000. By placing new duties upon county auditors, this bill would impose a state-mandated local program.

Existing property tax law authorizes refund of taxes or assessments as a result of a reduction in the value of taxable property or specified corrections to be paid to the latest recorded owner of that property as shown on the tax roll, as specified, if there has been no transfer of the property during or since the fiscal year for which the taxes subject to refund were levied and the amount of the refund is less than \$5,000. Under existing law, if the county adopts a resolution or ordinance approving this provision, an order for refund of taxes or assessments is authorized to be paid to the assessee of that property, as specified, without a claim for refund filed, if there has been no transfer of the property during or since the fiscal year for which the taxes subject to refund were levied and the amount of the refund is less than \$5,000.

This bill would revise the above-described conditions to instead include that the amount of the refund is less than \$10,000.

The California Constitution authorizes, and existing property tax law establishes, a veterans' exemption for a disabled veteran in the amount of \$100,000 or \$150,000 for the principal place of residence of a veteran or a veteran's spouse, including an unmarried surviving spouse, if the veteran, because of an injury incurred in military service, is blind in both eyes, has lost the use of 2 or more limbs, or is totally disabled, as those terms are defined, or if the veteran has, as a result of a service-connected injury or disease, died while on active duty in military service.

Existing law requires the payment of interest on property tax refunds at the greater of 3% per annum or the county pool apportioned rate. Existing law requires the computation of interest to terminate as of a date within 30 days of the date of mailing or personal delivery of the refund payment.

This bill would authorize the county auditor to send notice of the refund to the taxpayer, as specified, whenever there is a refund due and a claim for refund is required under these provisions.

This bill would authorize an order for refund of taxes or assessments to be paid to a disabled veteran or veteran's surviving spouse, without a claim for refund filed, if the refund is due to the disabled veterans' exemption.

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.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

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

**SECTION 1.** Section 5086.2 is added to the Revenue and Taxation Code, to read:

**5086.2.** If the cancellation of taxes under this article will result in a refund, the auditor shall either process the refund to the payer of the tax or notify the payer in writing of the requirements for obtaining a refund pursuant to Section 5097. The notice shall state that the payer of the tax is entitled to a refund and that a claim for a refund shall be filed, pursuant to Section 5097, within 60 days of the date of the notice.

Notwithstanding Section 5097, a claim for a refund shall be deemed timely filed if it is filed within 60 days of the date of the notice.

**SEC. 2.** Section 5097 of the Revenue and Taxation Code is amended to read:

**5097.** (a) An order for a refund under this article shall not be made, except on a claim:

(1) Verified by the person who paid the tax, their guardian, executor, trustee, or administrator.

(2) Except as provided in paragraph (3) or (4), filed within four years after making the payment sought to be refunded, within one year after the mailing of notice as prescribed in Section 2635, within the period agreed to as provided in Section 532.1, or within 60 days of the date of the notice prescribed by subdivision (a) of Section 4836, whichever is later.

(3) (A) Filed within one year, if an application for a reduction in an assessment or an application for equalization of an assessment has been filed pursuant to Section 1603 and the applicant does not state in the application that the application is intended to constitute a claim for a refund, of either of the following events, whichever occurs first:

(i) After the county assessment appeals board makes a final determination on the application for reduction in assessment or on the application for equalization of an escape assessment of the property, and mails a written notice of its determination to the applicant and the notice does not advise the applicant to file a claim for refund.

(ii) After the expiration of the time period specified in subdivision (c) of Section 1604 if the county assessment appeals board fails to hear evidence and fails to make a final determination on the application for reduction in assessment or on the application for equalization of an escape assessment of the property.

(B) Filed within six months, if an application for a reduction in an assessment or an application for equalization of an assessment has been filed pursuant to Section 1603 and the applicant does not state in the application that the application is intended to constitute a claim for a refund, after the county assessment appeals board makes a final determination on the application for reduction in assessment or on the application for equalization of an escape assessment, and mails a written notice of its determination to the applicant and the notice advises the applicant to file a claim for refund within six months of the date of the county assessment appeals board's final determination.

(4) Filed within eight years after making the payment sought to be refunded, or within 60 days of the notice prescribed by subdivision (a) of Section 4836, whichever is later, if the claim for refund is filed on or after January 1, 2015, and relates to the disabled veterans' exemption described in Section 205.5.

(b) An application for a reduction in an assessment filed pursuant to Section 1603 shall also constitute a sufficient claim for refund under this section if the applicant states in the application that the application is intended to constitute a claim for refund. If the applicant does not so state, the applicant may thereafter and within the period provided in paragraph (3) of subdivision (a) file a separate claim for refund of taxes extended on the assessment which the applicant applied to have reduced pursuant to Section 1603 or 1604.

(c) If an application for equalization of an escape assessment is filed pursuant to Section 1603, a claim may be filed on any taxes resulting from the escape assessment or the original assessment to which the escape relates within the period provided in paragraph (3) of subdivision (a).

(d) Notwithstanding subdivision (a), an order for a refund under this article may be made without a claim pursuant to Section 5105, 5108, or 5109.

(e) The amendments made to this section by Chapter 656 of the Statutes of 2014 apply to claims for refund filed on or after January 1, 2015.

**SEC. 3.** Section 5104 of the Revenue and Taxation Code is amended to read:

**5104.** Any refund of taxes or assessments authorized pursuant to this article as a result of a reduction in the value of taxable property or as the result of corrections to the roll or cancellations after taxes or assessments were paid, may be paid to the latest recorded owner of that property as shown on the tax roll, rather than to the individual or entity who paid the amount of tax or assessment to be refunded, if both of the following conditions are met:

(a) There has been no transfer of the property during or since the fiscal year for which the taxes subject to refund were levied.

(b) The amount of the refund is less than ten thousand dollars (\$10,000).

**SEC. 4.** Section 5105 of the Revenue and Taxation Code is amended to read:

**5105.** (a) Notwithstanding Section 5097, an order for refund of taxes or assessments authorized pursuant to this article may be paid to the assessee of that property, or to the latest recorded owner of that property, as shown on the tax roll, without a claim for refund filed, if both of the following conditions are met:

(1) There has been no transfer of the property during or since the fiscal year for which the taxes subject to refund were levied.

(2) The amount of the refund is less than ten thousand dollars (\$10,000).

(b) This section shall become operative in a county only if the board of supervisors of the county adopts a resolution or ordinance approving the operation of this section.

**SEC. 5.** Section 5108 is added to the Revenue and Taxation Code, to read:

**5108.** Notwithstanding Section 5097, an order for refund of taxes or assessments authorized pursuant to this article may be paid to a disabled veteran or veteran's surviving spouse, without a claim for refund filed, if the refund is due to a disabled veterans' exemption described in Section 205.5.

**SEC. 6.** Section 5109 is added to the Revenue and Taxation Code, to read:

**5109.** Notwithstanding Section 5097, an order for refund of taxes or assessments authorized pursuant to this article may be paid to an assessee of that property, without a claim for refund filed, if the following conditions are met:

(a) The refund results from an exemption described in Sections 201 to 242, inclusive, with the exception of Section 205.5.

(b) The refund would not exist but for the assessee or qualifying occupant of the property meeting the requirements for an exemption described in subdivision (a).

(c) The amount of the refund is less than ten thousand dollars (\$10,000).

**SEC. 7.** Section 5151 of the Revenue and Taxation Code is amended to read:

**5151.** (a) Interest at the greater of 3 percent per annum or the county pool apportioned rate shall be paid, when that interest is ten dollars (\$10) or more, on any amount refunded under Section 5096.7, or refunded to a taxpayer for any reason whatsoever. However, no interest shall be paid under the provisions of this section if the taxpayer has been given the notice required by Section 2635 and has failed to apply for the refund within 30 days after the mailing of that notice. For purposes of this section, "county pool apportioned rate" means the annualized rate of interest earned on the total amount of pooled idle funds from all accounts held by the county treasurer, in excess of the county treasurer's administrative costs with respect to that amount, as of June 30 of the fiscal year preceding the date the refund is calculated by the auditor. For each fiscal year, the county treasurer shall advise the Controller of the county pool apportioned rate, and of computations made in deriving that rate, no later than 90

days after the end of that fiscal year. Any interest paid on a refund at a rate provided for by this subdivision as it read prior to January 1, 2009, shall be deemed to be correct.

(b) The interest rate provided for in subdivision (a) does not apply to interest on refunds of those amounts of tax that became due and payable before March 1, 1993. Interest on refunds of amounts of a qualified tax shall be paid at that rate provided for by this section as it read prior to January 1, 1993. As used in this section, a "qualified tax" means a tax that became due and payable before March 1, 1993, and had not been refunded as of April 6, 1995. This subdivision shall not be construed to affect the interest paid on refunds of those amounts of tax that became due and payable before March 1, 1993, and have been refunded as of April 6, 1995.

(c) (1) The interest computation period shall commence with the date of payment of the tax when any of the following applies:

(A) A timely application for reduction in an assessment was filed, without regard to whether the refund ultimately results from a judgment or order of a court, an order of a board of equalization or assessment appeals board, or an assessor's correction to the assessment roll.

(B) The refund is pursuant to a roll correction resulting from the determination or adjustment by the assessor or a local assessment appeals board of a base year value.

(C) The refund results from a correction to the assessment roll pursuant to Section 4831 or 4876.

(2) Interest on refunds of taxes on property acquired by a public agency in eminent domain shall accrue from the date of recordation of the deed.

(3) In all other cases the interest computation period shall commence on the date of filing a claim for refund or payment of the tax, whichever is later. However, in the event of the granting of property tax relief pursuant to Section 69, 69.3, or 170, interest is not payable on any resulting refund of taxes, provided that payment of that refund of taxes is made within 120 days after the county assessor has sent authorization for the reduction to the county auditor.

(d) Except as provided in subdivision (h), the computation of interest shall terminate as of a date within 30 days of the date of mailing or personal delivery of the refund payment.

(e) The interest charged shall be apportioned to the appropriate funds, as determined by the county auditor.

(f) The amendments made to this section by Section 4 of Chapter 801 of the Statutes of 1996 shall apply to all refunds made after January 1, 1997.

(g) Whenever a refund is due and a claim for refund is required under this chapter, the county auditor may send notice of the refund to the taxpayer, unless the taxpayer already filed a refund claim pursuant to subdivision (b) of Section 5097. If a notice is sent, the notice shall be mailed to the taxpayer's last known address and shall state the amount of overpayment and that a claim for refund may be filed pursuant to this chapter.

**SEC. 8.** 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.