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AB-1517 Property taxation: delinquency and penalties: suspension: Counties of Los Angeles and Ventura. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1517

Introduced by Committee on Revenue and Taxation

March 13, 2025

An act to amend Sections 75.52, 463, 2610.5, 2617, 2618, 2704, 2705, 2922, 4103, 4217, and 4837.5 of the Revenue and Taxation Code, relating to taxation, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1517, as introduced, Committee on Revenue and Taxation. Property taxation: delinquency and penalties: suspension: Counties of Los Angeles and Ventura.

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 imposes various additional penalties, costs, and interest upon taxpayers that pay their property taxes after specified delinquency dates. Existing property tax law requires a penalty to be canceled when the reason for the delinquency is that the property tax bill was sent to the wrong address, and authorizes county officials to cancel property tax penalties in other circumstances. Existing property tax law provides for a supplemental property tax roll for property tax assessments made after the property tax lien date.

Existing property tax law requires the tax collector to mail or electronically transmit a county tax bill or a copy thereof for every property on the secured roll. Under existing property tax law, a failure to receive a tax bill does not relieve the lien of taxes or prevent the imposition of penalties.

This bill would suspend the above-described penalties, costs, and interest, as applicable, and would prohibit their collection until April 10, 2026, for property located in a certain area in either the County of Los Angeles or the County of Ventura, unless either the taxes on the property were delinquent as of January 6, 2025, or the taxes on the property are paid through an impound account.

Existing property tax law authorizes any person to elect to pay delinquent taxes in installments (installment redemption plan) by a certain date before the tax collector obtains the power to sell the property in order to redeem certain tax-defaulted property.

Existing property tax law prohibits restarting installment payments if those payments are started under these provisions and the amount required to be paid in any fiscal year is not paid as required (default).

This bill would prohibit an installment redemption plan, for which all payments due on or before January 7, 2025, have been timely made, from being considered in default until April 10, 2026, for property located in a certain area in either the County of Los Angeles or the County of Ventura.

Existing property tax law authorizes, for taxes due on escape assessments for prior fiscal years, those taxes to be paid over a 4-year period (installment plan) at the option of the assessee if the additional tax is over \$500 and a written request for installment payment is filed by the assessee with the tax collector by a certain time.

This bill would suspend the taxes due on a property making payments pursuant to an installment plan as described above, would prohibit their collection, and would prohibit the taxes from being considered delinquent, all until April 10, 2026, for property located in a certain area in either the County of Los Angeles or the County of Ventura, provided that, on or before January 7, 2025, all payments required by the plan were timely made.

Existing property tax law requires each person owning taxable personal property, other than a manufactured home, having an aggregate cost of \$100,000 or more for any assessment year to file annually a signed property statement, declared to be true under the penalty of perjury, with the assessor. If a person fails to file that annual statement, existing property tax law requires a penalty of 10% of the assessed value of the unreported taxable tangible property of that person placed on the current roll to be added to the assessment made on the current roll.

This bill would suspend that penalty until April 10, 2026, and prohibit it from being imposed if the person files a statement on or before April 10, 2026, and the property is located in a certain area in either the County of Los Angeles or the County of Ventura.

By imposing additional duties on local tax officials with respect to the collection of property taxes, including the imposition of penalties, as described above, 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.

This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Los Angeles and the County of Ventura.

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 75.52 of the Revenue and Taxation Code is amended to read:

75.52. (a) Taxes on the supplemental bill are due on the date mailed and shall become delinquent as follows:

(1) If the bill is mailed within the months of July through October, the first installment shall become delinquent at 5 p.m. on December 10 of the same year. The second installment shall become delinquent at 5 p.m. on April 10 of the next year.

(2) If the bill is mailed within the months of November through June, the first installment shall become delinquent at 5 p.m. on the last day of the month following the month in which the bill is mailed. The second installment shall become delinquent at 5 p.m. on the last day of the fourth calendar month following the date the first installment is delinquent.

(b) If the taxes due are not paid on or before the date and time they become delinquent, a penalty of 10 percent shall attach to them.

(c) The cost enumerated in Section 2621 shall be collected after the second installment is delinquent.

(d) If a delinquent date specified in subdivision (a) falls on a Saturday, Sunday, or legal holiday, the time of delinquency is at 5 p.m. or at the close of business, whichever is later, on the next following business day. If the board of supervisors, by adoption of an ordinance or resolution, closes the county's offices for business prior to the time of delinquency on the "next business day" or for that whole day, that day shall be considered a legal holiday for purposes of this section.

(e) (1) The penalty imposed for delinquent taxes as provided by this article shall be canceled if the assessee or fee owner demonstrates to the tax collector that the delinquency is due to the tax collector's failure to mail or electronically transmit the tax bill to the address provided on the tax roll or electronic address provided and authorized by the taxpayer or fee owner to the tax collector. Penalties imposed may be canceled if the board of supervisors, upon recommendation of the tax collector, has authorized the tax collector to establish, and the tax collector has so established, specific procedures for the consideration of penalty cancellations. Those procedures may provide that penalties imposed may be canceled by resolution of the county board of supervisors upon the recommendation of the tax collector if the assessee or fee owner demonstrate to the tax collector that the delinquency is due to the county's failure to send a notice of taxes to the owner of property acquired after the lien date on the secured roll, provided payment of the amount of taxes due, minus any penalties and costs, is made no later than June 30 of the fiscal year in which the property owner is named as the assessee for taxes coming due.

(2) With respect to a late, amended, or corrected tax bill, the penalties imposed for delinquent taxes shall be canceled if the tax amount is paid within 30 days following the date that bill is mailed or electronically transmitted.

(3) Under no circumstance shall a taxpayer have fewer than 30 days to pay without penalty.

(4) The penalty imposed for delinquent taxes as provided by this article shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Codes 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(A) The taxes on the property were delinquent as of January 6, 2025.

(B) The taxes on the property are paid through an impound account.

SEC. 2. Section 463 of the Revenue and Taxation Code is amended to read:

463. (a) If any person who is required by law or is requested by the assessor to make an annual property statement fails to file an annual property statement within the time limit specified by Section 441 or make and subscribe the affidavit respecting ~~his or her~~ *their* name and place of residence, a penalty of 10 percent of the assessed value of the unreported taxable tangible property of that person placed on the current roll shall be added to the assessment made on the current roll.

(b) Notice of any penalty added to the secured roll pursuant to this section shall be mailed by the assessor to the assessee at ~~his or her~~ *their* address as contained in the official records of the county assessor.

(c) If the assessee establishes to the satisfaction of the county board of equalization or the assessment appeals board that the failure to file the property statement within the time required by Section 441 was due to reasonable cause and circumstances beyond the assessee's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, it may order the penalty abated, provided the assessee has filed with the county board written application for abatement of the penalty within the time prescribed by law for the filing of applications for assessment reductions.

(d) If the penalty is abated it shall be canceled or refunded in the same manner as an amount of tax erroneously charged or collected.

(e) The penalty imposed under this article for failing to file an annual property statement within the time limit specified by Section 441 shall be suspended until April 10, 2026, and shall not be imposed if the person files a personal property tax statement as required by Section 441 on or before April 10, 2026, provided that the property is located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536.

SEC. 3. Section 2610.5 of the Revenue and Taxation Code is amended to read:

2610.5. (a) Annually, on or before November 1, the tax collector shall mail or electronically transmit a county tax bill or a copy thereof for every property on the secured roll. This requirement need not be met where no taxes are due. Failure to receive a tax bill shall not relieve the lien of taxes, nor shall it prevent the imposition of penalties imposed by this code. However, the penalty imposed for delinquent taxes as provided by any section of this code shall be canceled if the assessee or fee owner demonstrates to the tax collector that delinquency is due to the tax collector's failure to mail or electronically transmit the tax bill to the address provided on the tax roll or electronic address provided and authorized by the taxpayer to the tax collector. Penalties imposed may be canceled if the board of supervisors, upon recommendation of the tax collector, has authorized the tax collector to establish, and the tax collector has so established, specific procedures for the consideration of penalty cancellations. Those procedures may provide that penalties imposed may be canceled by resolution of the county board of supervisors upon the recommendation of the tax collector if the assessee or fee owners demonstrate to the tax collector that the delinquency is due to the county's failure to send a notice of taxes to the owner of property acquired after the lien date on the secured roll, provided

payment of the amount of taxes due, minus any penalties and costs, is made no later than June 30 of the fiscal year in which the property owner is named as the assessee for taxes coming due.

With respect to a late, amended, or corrected tax bill, the penalties imposed for delinquent taxes shall be canceled if the tax amount is paid within 30 days following the date that bill is mailed or electronically transmitted.

Under no circumstance shall a taxpayer have fewer than 30 days to pay without penalty.

(b) Any penalty, cost, or interest imposed for delinquent taxes as provided by this chapter shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(1) The taxes on the property were delinquent as of January 6, 2025.

(2) The taxes on the property are paid through an impound account.

SEC. 4. Section 2617 of the Revenue and Taxation Code is amended to read:

2617. (a) All taxes due November 1, if unpaid, are delinquent at 5 p.m., or the close of business, whichever is later, on December 10, and thereafter a delinquent penalty of 10 percent attaches to them.

(b) Notwithstanding subdivision (a), the penalty imposed for delinquent taxes as provided by this section shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(1) The taxes on the property were delinquent as of January 6, 2025.

(2) The taxes on the property are paid through an impound account.

SEC. 5. Section 2618 of the Revenue and Taxation Code is amended to read:

2618. (a) The second half of taxes on real property, if unpaid, is delinquent at 5 p.m., or the close of business, whichever is later, on April 10, and thereafter a delinquent penalty of 10 percent attaches to it.

(b) Notwithstanding subdivision (a), the penalty imposed for delinquent taxes as provided by this section shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(1) The taxes on the property were delinquent as of January 6, 2025.

(2) The taxes on the property are paid through an impound account.

SEC. 6. Section 2704 of the Revenue and Taxation Code is amended to read:

2704. (a) All taxes due November 1, if unpaid, are delinquent at 5 p.m., or the close of business, whichever is later, on December 10, and thereafter a delinquent penalty of 10 percent attaches to them.

(b) Notwithstanding subdivision (a), the penalty imposed for delinquent taxes as provided by this section shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(1) The taxes on the property were delinquent as of January 6, 2025.

(2) The taxes on the property are paid through an impound account.

SEC. 7. Section 2705 of the Revenue and Taxation Code is amended to read:

2705. (a) The second half of taxes on the secured roll, if unpaid, is delinquent at 5 p.m., or the close of business, whichever is later, on April 10, and thereafter a delinquent penalty of 10 percent attaches to it.

(b) Notwithstanding subdivision (a), the penalty imposed for delinquent taxes as provided by this section shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(1) The taxes on the property were delinquent as of January 6, 2025.

(2) The taxes on the property are paid through an impound account.

SEC. 8. Section 2922 of the Revenue and Taxation Code is amended to read:

2922. (a) Taxes on the unsecured roll as of July 31, if unpaid, are delinquent at 5 p.m., or the close of business, whichever is later, on August 31 and thereafter subject to a delinquent penalty of 10 percent.

(b) Taxes added to the unsecured roll after July 31, if unpaid are delinquent and subject to a penalty of 10 percent at 5 p.m., or the close of business, whichever is later, on the last day of the month succeeding the month of enrollment.

(c) Taxes transferred to the unsecured roll pursuant to any provision of law and already subject to penalties also transferred, shall be subject only to the additional penalties and costs prescribed in subdivisions (d) and (e), which shall attach beginning July 1 and on the first day of each month thereafter.

(d) Unsecured taxes remaining unpaid at 5 p.m., or the close of business, whichever is later, on the last day of the second month after the 10-percent penalty attaches shall be subject to an additional penalty of $1\frac{1}{2}$ percent attaching on the first day of each succeeding month on the amount of the original tax. The additional penalties shall continue to attach until the time of payment or until the time a court judgment is entered for the amount of unpaid taxes and penalties, whichever occurs first.

(e) In addition to the penalties imposed by this section, the tax collector may collect actual costs of collection incurred by the county up to the time the delinquency is paid.

(f) When the last day of a month falls on Saturday, Sunday, or a legal holiday, any penalty to which the tax becomes subject on that date shall not attach if the tax collector receives payment in full by 5 p.m., or the close of business, whichever is later, on the next business day. If the board of supervisors, by adoption of an ordinance or resolution, closes the county's offices for business prior to the time of delinquency on the "next business day" or for that whole day, that day shall be considered a legal holiday for purposes of this section.

(g) The penalties, costs, or interest imposed for delinquent taxes as provided by this section shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(1) The taxes on the property were delinquent as of January 6, 2025.

(2) The taxes on the property are paid through an impound account.

SEC. 9. Section 4103 of the Revenue and Taxation Code is amended to read:

4103. (a) Redemption penalties are the sum of the following:

(1) Beginning July 1st of the year of the declaration of tax default, on the declared amount of defaulted taxes at the rate of $1\frac{1}{2}$ percent a month to the time of redemption. If the last day of any month falls on a Saturday, Sunday, or legal holiday, the additional penalty of $1\frac{1}{2}$ percent shall attach after the close of business on the next business day.

(2) Beginning July 1st of each subsequent year, on the unpaid taxes for which the property would have been declared in default if there had not been a previous declaration, $1\frac{1}{2}$ percent a month to the time of redemption. If the last day of any month falls on Saturday, Sunday, or a legal holiday, the additional penalty of $1\frac{1}{2}$ percent shall attach after 5 p.m. on the next business day. If the board of supervisors, by adoption of an ordinance or resolution, closes the county's offices for business prior to the time of delinquency on the "next business day" or for that whole day, that day shall be considered a legal holiday for purposes of this section.

(b) For purposes of an administrative hearing or any claim in a bankruptcy proceeding pertaining to the property being redeemed, the assessment of penalties determined pursuant to subdivision (a) with respect to the redemption of that property constitutes the assessment of interest.

(c) The penalties, costs, or interest imposed for delinquent taxes as provided by this section shall be suspended and shall not be collected until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, unless one of the following conditions is met:

(1) The taxes on the property were delinquent as of January 6, 2025.

(2) The taxes on the property are paid through an impound account.

SEC. 10. Section 4217 of the Revenue and Taxation Code is amended to read:

4217. (a) Any person may elect to pay delinquent taxes in installments under this article at any time prior to 5 p.m. on the last business day prior to the date when the tax collector obtains the power to sell the property, except that if payment of delinquent taxes in installments is started under this article and the amount required to be paid in any fiscal year is not paid as required by this article, payments on property that, but for the installment redemption plan, would have been subject to a power of sale pursuant to Section 3691 during the calendar year in which default on the redemption plan occurs may not again be started under this article. All other payments may be started on or after July 1 of the fiscal year commencing after the fiscal year in which default occurred.

(b) (1) A person electing to pay delinquent taxes in installments may be subject to a fee for processing the person's request.

(2) The fee for payment of delinquent taxes in installments to the tax collector may be established by ordinance by the board of supervisors. The fee shall be governed by the provisions of Chapter 12.5 (commencing with Section 54985) of Part 1 of Division 2 of Title 5 of the Government Code and may be collected on the tax bill.

(c) A redemption plan for which all payments due on or before January 7, 2025, have been timely made pursuant to this chapter shall not be considered in default until April 10, 2026, provided that the property is located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536.

SEC. 11. Section 4837.5 of the Revenue and Taxation Code is amended to read:

4837.5. (a) Notwithstanding any other provision of law, taxes due, whether secured or unsecured, on escape assessments for prior fiscal years may be paid over a four-year period at the option of the assessee if: (1) the additional tax is over five hundred dollars (\$500), and (2) a written request for installment payment is filed by the assessee with the tax collector prior to the time the second installment of taxes on the secured roll becomes delinquent, or by the last day of the month following the month in which the tax bill is mailed, whichever is later. The tax collector shall include with the property tax bill a notice of the payment provisions of this section. For unsecured taxes, the written request for installment payment shall be filed with the tax collector prior to the date on which those taxes become delinquent.

(b) If payment by installments is requested, 20 percent or more of the tax shall be paid no later than the deadline for filing the written request. The current taxes and prior year taxes with penalties and costs thereon shall be paid with or prior to the initial installment payment. In each succeeding fiscal year, the assessee shall pay, before the delinquency date of the second installment of current taxes on the secured roll, all current year taxes, and a sum at least sufficient to reduce the outstanding balance of the tax by 20 percent of the original amount. In the case of unsecured taxes, the required annual installment shall be paid on or before August 31.

(c) Interest at the rate of three-fourths of 1 percent per month, starting with the month following the date of the deadline for filing the written request, shall be applied to the outstanding balance, on the first day of the month, if the escape or underassessment was due, in whole or in part, to the error, omission, or other fault of the assessee. If the first day of any month falls on a Saturday, Sunday, or legal holiday, the next additional three-fourths of one percent of interest shall be applied to the outstanding balance on the next business day.

(d) No additional penalties shall be charged as long as installment payments are made timely; and, in the case of secured taxes, as long as all payments are made timely, an affidavit regarding the property shall not be published pursuant to Section 3371.

(e) If any installment is not paid timely, or if the property on the secured roll becomes tax defaulted, or if the property changes ownership, or if taxes for the property on the unsecured roll are not paid before becoming delinquent, the balance of the tax remaining to be paid shall immediately become due and payable, and no further installment payments for that escape assessment or correction shall be authorized. The tax collector shall inform the auditor of the defaulted, off-roll installment plan and of the delinquent amount remaining unpaid. With regard to property on the secured roll that has not become tax defaulted, or property on the unsecured roll that has not become delinquent, in the event the payment is missed at the time the second or subsequent installment is due and the assessee or agent of the assessee can, by substantial evidence, convince the tax collector

that the payment was not made through any fault of the assessee, the tax collector may reinstate the account upon receipt of a payment in an amount reflecting the installment plus interest under subdivision (c) to the date of reinstatement, provided that the payment is physically received by the tax collector prior to the time the property becomes tax defaulted or prior to June 30 of the current fiscal year, whichever occurs earlier.

(f) The auditor shall add the unpaid balance, plus all penalties and costs thereon, to the current roll, adjust the tax collector's charge accordingly, and the remaining balance of the tax shall become subject to all of the provisions of this division applicable to delinquent taxes.

(g) The tax collector shall maintain records listing the current status of all the installment accounts authorized under this section. The status of each installment account shall be entered on the current roll and the tax collector may file for record with the county recorder a certificate pursuant to Section 2191.3.

(h) When the installment account is paid in full before 5 p.m. on June 30 of the year in which the account has become defaulted and the tax collector has filed for record a certificate of lien, the tax collector shall also file for record a release of that lien. Where the account is not paid in full until after June 30 of the year in which the account became defaulted, the filings of the certificates of lien and release of lien shall be subject to recording fees charged to the taxpayer.

(i) The tax collector may establish a fee for the actual cost of processing a request to pay escaped assessments in installments.

(j) The taxes due on a property making payments pursuant to an installment plan as provided in this section shall be suspended, shall not be collected, and shall not be considered delinquent until April 10, 2026, for property located in the areas encompassed by United States Postal Service ZIP Code 90019, 90041, 90049, 90066, 90265, 90272, 90290, 90402, 91001, 91040, 91104, 91106, 91107, 93535, or 93536, provided that, on or before January 7, 2025, all payments required by the plan were timely made.

SEC. 12. 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. 13. 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 assist property owners who are suffering financial hardship as a result of the Southern California fires, which undermines their ability to pay property taxes when those taxes have become due, it is necessary that this act take effect immediately.

SEC. 14. The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique circumstances facing those in the County of Los Angeles and the County of Ventura due to the wildfires beginning in January 2025, which resulted in damage and destruction to thousands of homes and displacement of more than 100,000 residents.