

AMENDED IN ASSEMBLY APRIL 23, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 2414

Introduced by Assembly Member Bill Campbell

February 21, 2002

An act to add Section 19255 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2414, as amended, Bill Campbell. Income taxes: Statute of limitations.

Existing income tax laws authorize the Franchise Tax Board to take certain collection actions against individuals.

This bill would impose a 10-year statute of limitations with respect to those actions, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19255 is added to the Revenue and
2 Taxation Code, to read:
3 19255. (a) Except as otherwise provided in subdivisions (b)
4 and (e), after 10 years have elapsed from the date an assessment
5 of tax imposed on an individual under Part 10 (commencing with
6 Section 17001) is “due and payable” within the meaning of
7 Section 19221, that assessment of tax is uncollectable by the
8 Franchise Tax Board by reason of lapse of time. Any action taken

1 by the Franchise Tax Board to collect an uncollectable assessment
2 of tax shall be released, withdrawn, or otherwise terminated by the
3 Franchise Tax Board and no subsequent administrative or civil
4 action shall be taken or brought to collect all or part of that
5 uncollectable assessment of tax. Any amounts received in
6 contravention of this section shall be considered an overpayment
7 that may be credited and refunded in accordance with Section
8 19301.

9 (b) (1) If a timely civil action in court for the collection of an
10 assessment of tax is commenced, or a claim filed in a probate
11 action, the period for which the assessment of tax is collectable
12 shall be extended and shall not expire until that assessment of tax,
13 probate claim, or judgment against the taxpayer arising from that
14 assessment of tax is satisfied *or becomes unenforceable*.

15 (2) If a timely levy is initiated or notice of state tax lien
16 recorded or filed as provided in Section 7170 of the Government
17 Code, the period for which the tax is collectable shall be extended
18 and shall not expire, but only for purposes of that levy or notice of
19 state tax lien, until that levy or lien is satisfied, released, or
20 otherwise is no longer in effect.

21 (c) For purposes of this section:

22 (1) "Assessment of tax" includes any additions to tax, interest,
23 penalties, fees, and any other amounts relating to the imposed tax.

24 (2) If more than one assessment of tax is "due and payable" for
25 a particular taxable year, the "due and payable" date that is later
26 in time shall be the date upon which the 10-year limitation of
27 subdivision (a) commences.

28 (d) This section shall not apply to amounts subject to collection
29 by the Franchise Tax Board pursuant to Article 5 (commencing
30 with Section 19271), Article 5.5 (commencing with Section
31 19280), or Article 6 (commencing with Section 19290) of this
32 chapter, Section 10878, ~~Section 16583.5 of the Government Code~~
33 *former Section 16583.5 of the Government Code as that section*
34 *read on December 31, 2001*, or any other amount that is not a tax
35 imposed under Part 10 (commencing with Section 17001) but
36 which the Franchise Tax Board is collecting as though it were a
37 final personal income tax delinquency.

38 (e) (1) The expiration of the period of limitation on collection
39 under this section shall be suspended for the following periods:



1 (A) The period that the Franchise Tax Board is prohibited from
2 involuntary collection under subparagraph (B) of paragraph (1) of
3 subdivision (b) of Section 19271 (relating to collection of child
4 support delinquencies), plus 60 days thereafter.

5 (B) The period during which the Franchise Tax Board is
6 prohibited by reason of a bankruptcy case from collecting, plus six
7 months thereafter.

8 (C) *The period between the date on which the Franchise Tax*
9 *Board accepts a compromise agreement under Section 19443, and*
10 *the date that the taxpayer receives notice from the Franchise Tax*
11 *Board that the compromise agreement has been fulfilled.*

12 (2) A suspension of the period of limitation under this
13 subdivision shall apply only with respect to the amount of the
14 assessment of tax that is equal to the amount for which there
15 existed a prohibition from levy, collection, or proceeding in court
16 by reason of Section 19271 or a bankruptcy case.

17 (f) (1) Notwithstanding subdivision (b) of Section 21026
18 (relating to annual notices to the taxpayer), in the case of accounts
19 that are discharged from accountability *pursuant to Chapter 3*
20 *(commencing with Section 13940) of Part 4 of Division 3 of Title*
21 *2 of the Government Code*, the Franchise Tax Board not less than
22 annually shall mail written notices on those accounts until the
23 assessment of tax is uncollectable.

24 (2) Notwithstanding subdivision (c) of Section 7172 of the
25 Government Code, a state tax lien may be extended by the
26 Franchise Tax Board but only if action to extend the lien is taken
27 within the period for which the tax is collectable pursuant to this
28 section.

29 (g) This section shall apply to any assessment of tax that is “due
30 and payable” on or after January 1, ~~1994~~ 2000. For those amounts
31 “due and payable” before January 1, ~~1994~~ 2000, the “due and
32 payable” date shall be deemed to be January 1, ~~1994~~ 2000.

