

AMENDED IN SENATE JULY 25, 1995  
AMENDED IN ASSEMBLY MARCH 30, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1668**

**Introduced by Assembly Member Takasugi**

February 24, 1995

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An act to amend ~~Sections 506 and~~ *Section* 5151 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1668, as amended, Takasugi. Property taxation: interest rates.

Existing property tax law ~~requires that interest be paid on those taxes collected pursuant to a penal assessment at the rate of 0.75% per month. It also specifies that interest shall be paid at the "county pool apportioned rate," as defined, on any amount that is refunded to a property taxpayer for any of certain specified reasons, and that any interest so paid shall be calculated with respect to the longest of any of certain applicable time periods.~~

~~This bill would require that interest paid on taxes collected pursuant to a penal assessment be calculated at the "county pool apportioned rate." It would also revise and recast those provisions establishing that rate to require its application, subject to certain conditions with respect to prejudgment and postjudgment interest, to any amount refunded under current property tax refund provisions. This bill would also~~

~~revise and recast~~ *modify* those provisions establishing the period during which interest at the “county pool apportioned rate” is to accrue *to provide, as specified, that interest accrues from the date of payment of tax, the date of the recordation of a deed, or the date of filing a claim for refund, as applicable, and that the computation of interest terminates as of a date within 30 days of the mailing or personal delivery of a refund.*

~~This bill would require the calculation of interest at the “county pooled apportioned rate” for each fiscal year, or portion thereof, during the period of computation, and would require each county treasurer to advise the Controller of that rate for his or her county, and the calculations performed to derive that rate, within 60 days of the end of each fiscal year. It would further require each county treasurer, within 120 days of the effective date of this bill, to advise the Controller of the “county pooled apportioned rate” for his or her county for the 1977-78 to 1994-95 fiscal years, inclusive. By imposing these new duties upon county treasurers, 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, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~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 these statutory provisions.~~

*This bill would incorporate additional changes in Section 5151 of the Revenue and Taxation Code, proposed by SB 657, to be operative only if SB 657 and this bill are both chaptered and become effective January 1, 1996, and this bill is chaptered last.*

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



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

1 ~~SECTION 1. Section 506 of the Revenue and Taxation~~  
2 *SECTION 1. Section 5151 of the Revenue and*  
3 *Taxation Code is amended to read:*

4 5151. (a) Interest at the county pool apportioned  
5 rate shall be paid, when that interest is ten dollars (\$10)  
6 or more, on any amount refunded under Section 5096.7,  
7 or refunded as a result of the reduction of assessed value  
8 following an application for equalization by a board of  
9 equalization or by a court action to recover taxes, or as a  
10 consequence of an assessor's error, or as the result of an  
11 incorrect assessment not occasioned by the act or  
12 omission of the assessee. However, no interest shall be  
13 paid under the provisions of this section if the taxpayer  
14 has been given the notice required by Section 2635 and  
15 has failed to apply for the refund within 30 days after the  
16 mailing of that notice. For purposes of this section,  
17 "county pooled apportioned rate" means the annualized  
18 rate of interest earned on the total amount of pooled idle  
19 funds from all accounts held by the county treasurer, in  
20 excess of the county treasurer's administrative costs with  
21 respect to that amount, as of June 30 of the preceding  
22 fiscal year for which the refund was calculated.

23 ~~Interest allowed under this section shall be computed~~  
24 ~~using whichever of the following periods provides the~~  
25 ~~longest period:~~

26 ~~(a) The date of the recording of the deed to the public~~  
27 ~~agency acquiring the property in eminent domain to the~~  
28 ~~date of the filing of the claim for refund.~~

29 ~~(b) The date of the payment of the tax on property~~  
30 ~~subject to an application for equalization of the assessed~~  
31 ~~value thereof to the date of the determination of the~~  
32 ~~equalized value of the property.~~

33 ~~(c) The date of the payment of the tax on property~~  
34 ~~subject to a refund as a result of an assessor error in~~  
35 ~~assessing the property to a date 15 days after the date of~~  
36 ~~approval of the correction to the tax roll that was not the~~  
37 ~~result of court action or an assessment appeal decision.~~



1 ~~(d) Forty-five days following the filing of a claim for~~  
2 ~~refund until the refund is paid.~~

3 (b) (1) *The interest computation period shall*  
4 *commence with the date of payment of the tax when any*  
5 *of the following apply:*

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

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

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

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

21 (3) *In all other cases the interest computation period*  
22 *shall commence on the date of filing a claim for refund or*  
23 *payment of the tax, whichever is later.*

24 (c) *The computation of interest shall terminate as of*  
25 *a date within 30 days of the date of mailing or personal*  
26 *delivery of the refund payment.*

27 (d) *The interest charged shall be apportioned to the*  
28 *appropriate funds, as determined by the county auditor.*

29 (e) *The amendments made to this section by the act*  
30 *adding this subdivision shall apply to all refunds made*  
31 *after the effective date of this act.*

32 *SEC. 1.5. Section 5151 of the Revenue and Taxation*  
33 *Code is amended to read:*

34 5151. (a) *Interest at the greater of 3 percent per*  
35 *annum or the county pool apportioned rate shall be paid,*  
36 *when that interest is ten dollars (\$10) or more, on any*  
37 *amount refunded under Section 5096.7, or refunded as a*  
38 ~~*result of the reduction of assessed value following an*~~  
39 ~~*application for equalization by a board of equalization or*~~  
40 ~~*by a court action to recover taxes, or as a consequence of*~~



1 ~~an assessor's error, or as the result of an incorrect~~  
2 ~~assessment not occasioned by the act or omission of the~~  
3 ~~assessee to a taxpayer for any reason whatsoever.~~  
4 However, no interest shall be paid under the provisions  
5 of this section if the taxpayer has been given the notice  
6 required by Section 2635 and has failed to apply for the  
7 refund within 30 days after the mailing of that notice. For  
8 purposes of this section, "county pooled apportioned  
9 rate" means the annualized rate of interest earned on the  
10 total amount of pooled idle funds from all accounts held  
11 by the county treasurer, in excess of the county  
12 treasurer's administrative costs with respect to that  
13 amount, as of June 30 of the preceding fiscal year for  
14 which the refund was *is* calculated.

15 ~~Interest allowed under this section shall be computed~~  
16 ~~using whichever of the following periods provides the~~  
17 ~~longest period:~~

18 ~~(a) The date of the recording of the deed to the public~~  
19 ~~agency acquiring the property in eminent domain to the~~  
20 ~~date of the filing of the claim for refund.~~

21 ~~(b) The date of the payment of the tax on property~~  
22 ~~subject to an application for equalization of the assessed~~  
23 ~~value thereof to the date of the determination of the~~  
24 ~~equalized value of the property.~~

25 ~~(c) The date of the payment of the tax on property~~  
26 ~~subject to a refund as a result of an assessor error in~~  
27 ~~assessing the property to a date 15 days after the date of~~  
28 ~~approval of the correction to the tax roll that was not the~~  
29 ~~result of court action or an assessment appeal decision.~~

30 ~~(d) Forty five days following the filing of a claim for~~  
31 ~~refund until the refund is paid.~~

32 *(b) Subdivision (a) does not apply to interest on*  
33 *refunds of those amounts of tax that became due and*  
34 *payable before March 1, 1993. Interest on refunds of those*  
35 *amounts of tax that became due and payable before*  
36 *March 1, 1993, and have not been refunded as of April 6,*  
37 *1995, shall be paid at that rate provided for by this section*  
38 *as it read prior to January 1, 1993. This subdivision shall*  
39 *not be construed to affect the interest paid on refunds of*



1 *those amounts of tax that became due and payable before*  
2 *March 1, 1993, and have been refunded as of April 6, 1995.*

3 *(c) (1) The interest computation period shall*  
4 *commence with the date of payment of the tax when any*  
5 *of the following apply:*

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

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

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

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

21 *(3) In all other cases the interest computation period*  
22 *shall commence on the date of filing a claim for refund or*  
23 *payment of the tax, whichever is later.*

24 *(d) The computation of interest shall terminate as of*  
25 *a date within 30 days of the date of mailing or personal*  
26 *delivery of the refund payment.*

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

29 *(f) The amendments made to subdivision (c) of this*  
30 *section by the act adding this subdivision shall apply to all*  
31 *refunds made after the effective date of this act.*

32 *SEC. 2. Section 1.5 of this bill incorporates*  
33 *amendments to Section 5151 of the Revenue and Taxation*  
34 *Code proposed by both this bill and AB 657. It shall only*  
35 *become operative if (1) both bills are enacted and*  
36 *become effective on January 1, 1996, (2) each bill amends*  
37 *Section 5151 of the Revenue and Taxation Code, and (3)*  
38 *this bill is enacted after SB 657, in which case Section 1 of*  
39 *this bill shall not become operative.*

40 ~~Code is amended to read:~~



1 ~~506. The tax rate applicable to any assessment made~~  
2 ~~pursuant to this article shall be the tax rate to which the~~  
3 ~~property would have been subject if it appeared upon the~~  
4 ~~roll in the year when it should have been lawfully~~  
5 ~~assessed. To the tax there shall be added interest at the~~  
6 ~~county pool apportioned rate from the date or dates the~~  
7 ~~taxes would have become delinquent if they had been~~  
8 ~~timely assessed to the date the additional assessment is~~  
9 ~~added to the assessment roll.~~

10 ~~SEC. 2. Section 5151 of the Revenue and Taxation~~  
11 ~~Code is amended to read:~~

12 ~~5151. (a) Interest shall be paid, in accordance with~~  
13 ~~subdivision (b), when that interest is ten dollars (\$10) or~~  
14 ~~more, on any amount refunded pursuant to this chapter,~~  
15 ~~including postjudgment interest in actions brought under~~  
16 ~~Sections 5140 and 5148. However, no postjudgment~~  
17 ~~interest in excess of the limit provided by Section 1 of~~  
18 ~~Article XV of the California Constitution shall be paid~~  
19 ~~and, in the case in which a tax refund is awarded by the~~  
20 ~~judgment of a court, the amount of prejudgment interest~~  
21 ~~accrued shall be added to the judgment. However, no~~  
22 ~~interest shall be paid under this section if the taxpayer has~~  
23 ~~been given the notice required by Section 2635 and has~~  
24 ~~failed to apply for the refund within 30 days after the~~  
25 ~~mailing of that notice.~~

26 ~~(b) Interest shall be calculated separately for each~~  
27 ~~fiscal year or portion thereof during the interest~~  
28 ~~computation period at the county pooled apportioned~~  
29 ~~rate. For purposes of this section, "county pooled~~  
30 ~~apportioned rate" means the annualized rate of interest~~  
31 ~~earned on the total amount of pooled idle funds from all~~  
32 ~~accounts held by the county treasurer, in excess of the~~  
33 ~~county treasurer's administrative costs with respect to~~  
34 ~~that amount, as of June 30 of the fiscal year preceding~~  
35 ~~each year for which the refund was calculated. Each~~  
36 ~~county treasurer shall advise the Controller of this rate~~  
37 ~~and the computations used in deriving it no later than 60~~  
38 ~~days following the end of each fiscal year.~~



1 ~~(e) (1) The interest computation period shall~~  
2 ~~commence with the date of payment of the tax when any~~  
3 ~~of the following apply:~~

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

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

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

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

19 ~~(3) In all other cases the interest computation period~~  
20 ~~shall commence on the date of filing a claim for refund or~~  
21 ~~payment of the tax, whichever is later.~~

22 ~~(d) The computation of interest shall terminate as of~~  
23 ~~a date within 30 days of the date of mailing or personal~~  
24 ~~delivery of the refund payment.~~

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

27 ~~(f) The amendments made by the act adding this~~  
28 ~~subdivision shall apply to all refunds made after the~~  
29 ~~effective date of that act.~~

30 ~~SEC. 3. Within 120 days after the effective date of this~~  
31 ~~act, each county treasurer shall advise the Controller of~~  
32 ~~the "county pool apportioned rate," as defined in Section~~  
33 ~~5151 of the Revenue and Taxation Code, for his or her~~  
34 ~~county with respect to the 1977-78 to 1994-95 fiscal years,~~  
35 ~~inclusive.~~

36 ~~SEC. 4. Notwithstanding Section 17610 of the~~  
37 ~~Government Code, if the Commission on State Mandates~~  
38 ~~determines that this act contains costs mandated by the~~  
39 ~~state, reimbursement to local agencies and school~~  
40 ~~districts for those costs shall be made pursuant to Part 7~~



1 ~~(commencing with Section 17500) of Division 4 of Title~~  
2 ~~2 of the Government Code. If the statewide cost of the~~  
3 ~~claim for reimbursement does not exceed one million~~  
4 ~~dollars (\$1,000,000), reimbursement shall be made from~~  
5 ~~the State Mandates Claims Fund.~~

6 ~~Notwithstanding Section 17580 of the Government~~  
7 ~~Code, unless otherwise specified, the provisions of this act~~  
8 ~~shall become operative on the same date that the act~~  
9 ~~takes effect pursuant to the California Constitution.~~

