

AMENDED IN SENATE MAY 6, 1997
AMENDED IN SENATE MARCH 31, 1997

SENATE BILL

No. 30

Introduced by Senator ~~Maddy~~ Kopp

December 2, 1996

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

LEGISLATIVE COUNSEL'S DIGEST

SB 30, as amended, ~~Maddy~~ Kopp. Property taxation: refunds: interest rate.

Existing property tax law generally requires that interest be paid at the greater of either 3% per annum or the "county pool apportioned rate," as defined, on any amount that is refunded to a property taxpayer. Existing law also provides that this general requirement does not apply to interest payable on refunds of those amounts of tax that became due and payable before March 1, 1993, and provides for interest to be paid at the rate specified prior to January 1, 1993, in the case of the refund of a tax that became due and payable prior to March 1, 1993, and was not refunded as of April 6, 1995.

This bill would eliminate the exclusion from general interest rate provisions for refunds of property taxes that became due and payable prior to March 1, 1993, and would provide for interest to be paid at the rate specified prior to January 1, 1993, for refunds that themselves become due and payable prior to March 1, 1993, and had not yet been made as of April 6, 1995.

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

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

1 SECTION 1. Section 5151 of the Revenue and
2 Taxation Code is amended to read:
3 5151. (a) Except as otherwise provided in
4 subdivision (b), interest at the greater of 3 percent per
5 annum or the county pool apportioned rate shall be paid,
6 when that interest is ten dollars (\$10) or more, on any
7 amount refunded under Section 5096.7, or refunded to a
8 taxpayer for any reason whatsoever. However, no interest
9 shall be paid under the provisions of this section if the
10 taxpayer has been given the notice required by Section
11 2635 and has failed to apply for the refund within 30 days
12 after the mailing of that notice. For purposes of this
13 section, "county pool apportioned rate" means the
14 annualized rate of interest earned on the total amount of
15 pooled idle funds from all accounts held by the county
16 treasurer, in excess of the county treasurer's
17 administrative costs with respect to that amount, as of
18 June 30 of the preceding fiscal year for which the refund
19 is calculated. For each fiscal year, the county treasurer
20 shall advise the Controller of the county pool apportioned
21 rate, and of computations made in deriving that rate, no
22 later than 60 days after the end of that fiscal year.

23 (b) Interest on refunds that became due and payable
24 before March 1, 1993, and had not been made as of April
25 6, 1995, shall be paid at that rate provided for by this
26 section as it read prior to January 1, 1993. This subdivision
27 shall not be construed to affect the interest paid on
28 refunds that became due and payable before March 1,
29 1993, and have been made as of April 6, 1995.

30 (c) (1) The interest computation period shall
31 commence with the date of payment of the tax when any
32 of the following apply:
33 (A) A timely application for reduction in an
34 assessment was filed, without regard to whether the
35 refund ultimately results from a judgment or order of a



1 court, an order of a board of equalization or assessment
2 appeals board, or an assessor's correction to the
3 assessment roll.

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

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

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

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

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 to this section by the act
28 adding this subdivision shall apply to all refunds made
29 after January 1, 1997.

