
SENATE COMMITTEE ON REVENUE AND TAXATION

Senator Jerry McNerney, Chair
2025 - 2026 Regular

Bill No:	AB 1519	Hearing Date:	6/24/26
Author:	Gipson	Tax Levy:	No
Version:	4/28/26 Amended	Fiscal:	Yes
Consultant:	Summers		

TAXATION: TAX LIABILITY: COLLECTIONS

Redefines tax liability, for purposes of triggering the 20-year statute of limitations applicable to the Franchise Tax Board's (FTB's) collection of tax liabilities, to exclude interest, penalties, costs, or fees.

Background

Tax collection. California Constitution Article XIII, Section 30 establishes a statute of limitations for state tax liens. Under this provision, any unpaid tax is conclusively presumed to have been paid after 30 years from the time it became a lien, unless the subject property has been sold by the Legislature to satisfy the debt. Prior to 2006, state law lacked a statute of limitations for the collection of delinquent taxpayer accounts. Generally, once a tax liability was due and payable, the Franchise Tax Board (FTB) could issue a statutory lien upon a taxpayer's real and personal property for the amount due. While a statutory lien expired after 10 years, it was still enforceable even after the time had lapsed, and FTB could extend the 10-year limitation under a number of specified circumstances.

In 2005, the Legislature enacted AB 911 (Chu) to establish a 20-year statute of limitations on tax liability collections. In other words, after 20 years passed from the date the latest tax liability becomes due and payable, FTB must release, withdraw, or otherwise terminate any other action taken to collect the liability and cannot take any subsequent administrative or civil action to collect any outstanding amount of that tax liability.

Additionally, AB 911 defined the term "tax liability" as a liability imposed under the Personal Income Tax Law, the Corporate Tax Law, or any of the laws related to the administration of franchise and income tax laws. The term specifically includes any additions to tax, interest, penalties, fees, and any other amounts relating to the imposed liability. Further, if more than one liability is due and payable for a particular taxable year, then FTB must consider the later due and payable date upon which the 20-year limitation period begins. However, AB 911 treats the additional fee as the latest tax liability, thereby continuously restarting the 20-year statute of limitations every year. By including interest, penalties, costs, or fees as tax liabilities, AB 911 essentially nullifies the 20-year statute of limitations it was intended to implement.

The author would like to amend the current law to implement the original intent of AB 911 and establish a more definitive statute of limitations for the collection of tax liabilities.

Proposed Law

Assembly Bill 1519 redefines tax liability, for purposes of triggering the 20-year statute of limitations applicable to the FTB's collection of tax liabilities, to exclude interest, penalties, costs, or fees. The bill also:

- Specifies that the date that the tax liability was first assessed shall be the date upon which the 20-year limitation begins.
- Provides that if more than one tax liability is "due and payable" for a particular taxable year, the 20-year limitation begins on the "due and payable" date that is later.
- Makes additional technical and conforming changes.

State Revenue Impact

According to FTB, AB 1519 would not change the way state income or franchise tax is calculated under the Revenue and Taxation Code. It is estimated that the provisions of this bill could lead to roughly \$100,000 of discharges in the first year after enactment and minimal amounts annually thereafter.

Comments

1. Purpose of the bill. According to the author, "In 2005, California enacted a 20-year statute of limitations for Franchise Tax Board (FTB) collection actions, which is twice the length of the federal limitations period. California's statute of limitations, however, is not working as intended. Because current law defines a "tax liability" to include interest, penalties, fees, and other amounts related to the original liability, subsequent FTB collection actions, such as the recording of a lien, work to indefinitely extend the statute of limitations on the original liability. Statutes of limitations are designed to strike a balance between effective tax enforcement and the goal of ensuring taxpayers are not subject to indefinite government collections. AB 1519 reestablishes this balance by creating a workable and reasonable limitations period. By doing so, AB 1519 will provide certainty for both taxpayers and the FTB, while promoting confidence in our state's tax system."

2. Lost in translation. AB 911 intended to provide a straightforward 20-year statute of limitations on FTB tax collections. However, the statute appears to start (and restart) the limitations period based on the "latest tax liability" for a taxable year. The statute defines a tax liability, in turn, to include "additions to tax, interest, penalties, fees, and any other amounts relating to the imposed liability." Some taxpayers contend that when FTB imposes a fee, the fee acts to restart the 20-year limitations period for the entire liability. Based on a strict reading of the statute, even interest charges accruing on a tax liability would continually reset the statute of limitations, rendering the 20-year limitation null. The author's aim is simple: once the underlying tax liability becomes due and payable, the limitations period begins to run – and subsequent fees and charges continue to accrue, but should not serve to "restart" it. The purpose of a statute of limitations is to protect the defendant, for litigation of a long-dormant claim may result in more cruelty than justice. By redefining tax liability to exclude interest, penalties, costs, or fees, AB 911 provides a real and meaningful cutoff for FTB collections.

3. Gut and amend. As introduced in the Assembly, AB 1519 required employer notifications to employees regarding income tax filing assistance programs to include information regarding

Direct File. On April 28, 2026, the author amended AB 1519 to delete those provisions and insert the current ones.

Assembly Actions

Not relevant to this version of the bill.

Support and Opposition (6/18/2026)

Support: California Chamber of Commerce
California Lawyers Association, Taxation Section
California Society of Certified Public Accountants
California Society of Enrolled Agents
California Taxpayers Association

Opposition: None received.

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