SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1519 (Gipson) - Taxation: tax liability: collections

Version: April 28, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: REV. & TAX. 4 - 0
Mandate: No
Consultant: Robert Ingenito

Bill Summary: AB 1519 would redefine 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.

Fiscal Impact: FTB indicates that this bill would not change the way state income or franchise tax is calculated under current law, but estimates 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 (General Fund). FTB's administrative costs would be minor and absorbable.

Background: Under the California Constitution, state tax liens are conclusively presumed paid after 30 years unless the Legislature has authorized the sale of the subject property to satisfy the debt. Prior to 2006, state law did not establish a statute of limitations on the collection of delinquent state tax liabilities. Although statutory tax liens generally expired after 10 years, FTB could continue collection activities and extend the lien period under specified circumstances.

In 2005, the Legislature enacted AB 911 (Chu 2005), establishing a 20-year statute of limitations on FTB collection actions. Under AB 911, FTB must cease administrative and civil collection efforts 20 years after the date the latest tax liability becomes due and payable. The measure broadly defines "tax liability" to include the underlying tax as well as associated interest, penalties, fees, costs, and other related amounts. Because certain fees and other charges may accrue after the original liability, they can be treated as the latest tax liability, effectively restarting the 20-year collection period. As a result, the statute of limitations may be extended indefinitely, limiting the practical effect of the 20-year collection limit.

Proposed Law: This bill, among other things, would do the following:

- Redefine 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.
- Specify that the date that the tax liability was first assessed shall be the date upon which the 20-year limitation begins.
- Provide 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.

Related Legislation:

- AB 911 (Chu, Chapter 398, Statutes of 2005) established a 20-year statute of limitations on tax liability collections.

- AB 357 (Nazarian, 2019) and AB 2369 (Nazarian, 2020) were identical to this bill. AB 2369 did not pass out of the Assembly by the constitutional deadline and AB 357 was vetoed by the Governor

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