
THIRD READING

Bill No: AB 1519
Author: Gipson (D)
Amended: 4/28/26 in Senate
Vote: 21

SENATE REVENUE AND TAXATION COMMITTEE: 4-0, 6/24/26
AYES: McNerney, Ashby, Becker, Grayson
NO VOTE RECORDED: Alvarado-Gil

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 76-0, 4/28/25 (Consent) - See last page for vote

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SUBJECT: Taxation: tax liability: collections

SOURCE: Author

DIGEST: This bill 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.

ANALYSIS:

Existing law:

1) States that every tax shall be conclusively presumed to have been paid after 30 years from the time it became a lien unless the property subject to the lien has been sold in the manner provided by the Legislature for the payment of the tax (California Constitution Article XIII, Section 30).

2) Provides that, once a tax liability becomes due and payable, as defined, a statutory lien arises for that amount upon all of the taxpayer's real and personal property.

3) Establishes a 20-year statute of limitations on collections of those liabilities beginning from the last statutory lien date for each taxable year or the date any other liability that is not associated with a taxable year becomes due and payable.

4) Defines "tax liability" as a liability imposed under the Personal Income Tax Law, the Corporation Tax Law, or the laws related to the administration of franchise and income tax laws. "Tax liability" includes any additions to tax, interest, penalties, fees, and any other amounts relating to the imposed liability.

5) Provides that if more than one liability is due and payable for a particular taxable year, the date upon which the 20-year limitation commences is the due and payable date that is later in time.

This bill:

1) 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.

2) Specifies that the date that the tax liability was first assessed shall be the date upon which the 20-year limitation begins.

3) 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.

4) Makes additional technical and conforming changes.

Background

In 2005, the Legislature enacted AB 911 (Chu, Chapter 398, Statutes of 2005) to establish a 20-year statute of limitations on tax liability collections. However, because the definition of "tax liability" includes *any* additional fee, penalty, or interest added to an initially imposed tax liability, the result is that the statute of limitations is continuously reset, essentially nullifying the 20-year statute of limitations and intent of AB 911. This bill amends 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.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee, 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.

SUPPORT: (Verified 8/14/26)

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

OPPOSITION: (Verified 8/14/26)

None received

ARGUMENTS IN SUPPORT:

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."

ASSEMBLY FLOOR: 76-0, 4/28/25
AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste

Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO VOTE RECORDED: Flora, Krell, Sanchez

Prepared by: Haley Summers / REV. & TAX. / (916) 651-4117
8/15/26 12:48:29

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