
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair
2025 - 2026 Regular Session

AB 985 (Schiavo) - Chiquita Canyon Landfill: property tax reassessment and penalties

Version: July 16, 2025

Urgency: No

Hearing Date: August 18, 2025

Policy Vote: REV. & TAX. 3 - 0

Mandate: Yes

Consultant: Robert Ingenito

Bill Summary: AB 985 would authorize property tax relief to residents in the neighborhoods surrounding the Chiquita Canyon Landfill, as specified.

Fiscal Impact: Fiscal Pending; Mandate

- The Board of Equalization (BOE) indicates that any property tax revenue loss resulting from this bill would be dependent upon individual reduction calculations resulting from retroactive property tax reassessment. The magnitude is unknown. Reductions in local property tax revenues, in turn, can increase General Fund Proposition 98 spending by up to roughly 50 percent (the exact amount depends on the specific amount of the annual Proposition 98 guarantee, which in turn depends upon a variety of economic, demographic and budgetary factors). BOE would incur minor administrative costs to implement the provisions of the bill.
- By imposing specified duties on Los Angeles County tax officials, this bill creates a state-mandated local program. To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs. The magnitude is unknown, but potentially in excess of \$50,000 annually (General Fund).

Background: Under the California Constitution, all property is taxable unless explicitly exempted by itself or federal law. The Constitution limits the maximum amount of any ad valorem tax on real property at one percent of full cash value, plus any locally-authorized bonded indebtedness (Proposition 13). Assessors reappraise property whenever it is purchased, newly constructed, or when ownership changes (as defined by both statute and the Constitution). Current law generally sets a property's value as its sales price when purchased or, when there is no sales price, at its fair market value when ownership changes (base year value). Thereafter, existing law requires an annual inflation adjustment to that value that cannot exceed 2 percent (factored base year value).

Current law requires a county assessor to annually enroll the lesser of a property's Proposition 13 factored base year value or its market value as of January 1st. An assessor's office continually monitors real estate market conditions and reviews and adjusts assessed values as necessary to ensure properties are assessed correctly. County assessors generally will review a property's assessment for a possible decline in value upon request. The review may be provided as an informal discussion with

Assessor's staff, or the Assessor may require the property owner complete a request form. An appraiser from the Assessor's office will then review the information submitted and perform a market value analysis of your property as of January 1. The assessor's office will determine whether the current market value of the property is lower than its current factored base year value. The lower value is enrolled. After the review is complete, the property owner is notified of the assessed value. If taxpayers disagree with the assessed value after the review has been completed, they may file an assessment appeal application with the county clerk during the county assessment filing period.

The Chiquita Canyon Landfill is a 639-acre municipal solid waste facility in Los Angeles County operated by Chiquita Canyon, LLC, a subsidiary of Waste Connections, Inc. Since May 2022, there has been an elevated land temperature event (ELTE) at the Landfill, resulting in gas emissions from the site that have harmed the surrounding communities. The event has not been declared a disaster at any level of government; consequently, community members impacted by the event remain ineligible for disaster relief.

Waste Connections, Inc. has begun issuing reimbursement payments to community members impacted by the event, providing grants ranging between \$1,000 to \$2,000 per household to cover expenses related to mitigating air contamination and odors from the event.

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

- Require each property located within a 5-mile radius of the center of the Chiquita Canyon Landfill in the County of Los Angeles to be reassessed so that the full cash value base of the property reflects any decline in value of the property arising from the Chiquita Canyon elevated temperature landfill event, as defined.
- Require reassessments to be retroactive to the January 1, 2022, lien date.
- Require the tax collector to send a specified notice of overpayments of taxes to the taxpayer.
- Prohibit an installment redemption plan, for which all payments due on or before January 7, 2025, have been timely made, from being considered in default until April 10, 2030, for property located within a 5-mile radius of the center of the Chiquita Canyon Landfill in the County of Los Angeles.
- Suspend the taxes due on a property making payments pursuant to a specified installment plan, would prohibit their collection, and would prohibit the taxes from being considered delinquent, all until April 10, 2030, for property located within a 5-mile radius of the center of the Chiquita Canyon Landfill in the County of Los Angeles, provided that, on or before April 1, 2025, all payments required by the plan were timely made.
- Authorize any penalty, costs, or other charges resulting from tax delinquency to be canceled if failure to make a timely payment is due to a documented hardship,

as determined by the tax collector, arising from the Chiquita Canyon elevated temperature landfill event, as defined.

Staff Comments: Based on property maps, BOE estimates that 2,200 homes are within five miles of the ETLE. The Board lacks the requisite data to determine the revenue loss resulting from the bill, but notes the potential of significant refunds of property taxes paid during the proposed four-year look-back period. BOE estimates that the amount could average up to \$3,500 per home impacted per year, if relief is limited to improvements and not the underlying land.

-- END --