
THIRD READING

Bill No: AB 985
Author: Schiavo (D), et al.
Amended: 9/4/25 in Senate
Vote: 27- Urgency

SENATE REVENUE AND TAXATION COMMITTEE: 3-0, 7/9/25
AYES: Valladares, Ashby, Umberg
NO VOTE RECORDED: McNerney, Grayson

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/29/25
AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 64-1, 6/3/25 - See last page for vote

SUBJECT: Chiquita Canyon Landfill: property tax reassessment and penalties

SOURCE: Author

DIGEST: This bill enacts property tax relief measures for taxpayers affected by the Chiquita Canyon Elevated Land Temperature Event.

Senate Floor Amendments of 9/4/25 (1) replace the bill's direction to auditors to notify affected taxpayers of overpayments, instead requiring assessors to notify taxpayers of assessed value changes, (2) clarify that the assessor can notify taxpayers to file a claim for refund with the auditor-controller if taxes have already been paid at the higher assessed value, and (3) make conforming, grammatical, and typographical changes.

ANALYSIS:

Existing law:

- 1) Provides that all property is taxable unless explicitly exempted by the Constitution or federal law (California Constitution, Article XIII, Section One.)

- 2) Limits the maximum amount of any *ad valorem* tax on real property at 1% of full cash value, plus any locally-authorized bonded indebtedness, and caps a property's annual inflationary increase in taxable value to 2%. Provides that assessors reappraise property whenever it is purchased, newly constructed, or when ownership changes (California Constitution, Article XIII A, as added by Proposition 13, 1978).
- 3) Allow temporary reductions in assessed value in cases where real property suffers a decline in value (California Constitution, Article XIII A, as amended by Proposition 8, 1978).
- 4) Implements Proposition 8 to direct the assessor to evaluate the change in a property's value from one lien date (January 1 of each year) to the next, and enrolls a new value if the property's current market value falls below its previous assessed value. If the market value subsequently increases, the assessor can revalue the property upward, but not higher than its Prop. 13 value.
- 5) Provides that property taxes are due in two installments, the first on November 1st and the second on February 1st, with delinquency for the second installment occurring on April 10th.
- 6) Requires county tax collectors to begin imposing penalties for nonpayment of property taxes for each amount due, plus administrative charges, once taxes become delinquent.
- 7) Provides that property becomes tax-defaulted and can be subject to tax sale to satisfy outstanding taxes, penalties, and administrative charges if a property owner does not pay the property taxes due in the current fiscal year before June 30th.
- 8) Allows each tax collector to waive penalties and other charges when failure to pay is due to reasonable cause and where there is no willful neglect. While the tax collector in each county makes this determination for any specific taxpayer, reasonable cause usually applies to circumstances outside the taxpayer's control, such as illness, but generally does not when the taxpayer lacks funds to pay taxes.
- 9) Allows a tax collector to cancel any penalty, cost, or other charge resulting from a tax delinquency when failure to make the payment is due to a documented hardship as determined by the tax collector, when the documented hardship resulted from a shelter-in-place order, as defined, issued by the Governor or the public health officer of a city, county, or city and county in

which the property is located or its owner resides. The taxpayer must also make the principal payment by June 30th of the fiscal year in which the payment became delinquent SB 219 (McGuire, Chapter 131, Statutes of 2021).

- 10) Permits taxpayers to elect to pay delinquent amounts in installments at any time prior to 5 p.m. on the last business day prior to the date when the tax collector obtains the power to sell the property.
- 11) Provides that while the installment plan is in effect, the property cannot be subject to the power to sell.
- 12) Allow taxpayers to pay taxes due on escape assessments over a four-year period, if the amount of tax exceeds \$500 and the taxpayer makes a written request before the second installment of taxes on the secured roll becomes delinquent, or by the last day of the month following the month in which the tax bill is mailed, whichever is later.

This bill:

- 1) Provides that pursuant to Proposition 8, the assessor must reassess each property located within a five mile radius of the center of the Chiquita Canyon Landfill in the County of Los Angeles so that its value reflects any decline in the value of the property arising from the Chiquita Canyon elevated temperature landfill event.
- 2) States that any reassessments are retroactive to January 1, 2022.
- 3) Requires assessors to notify affected taxpayers following the reassessment of assessed value changes.
- 4) Provides that the notice must include the amount of the overpayment and that a refund claim may be filed if property taxes were paid at the higher assessment value.
- 5) Defines “Chiquita Canyon elevated temperature landfill event.”
- 6) Mirrors treatment under SB 219 for failures to make a timely payment of property taxes due to a documented hardship, as determined by the tax collector, arising from the Chiquita Canyon elevated temperature landfill event, so long as the principal payment for the proper amount of tax due is paid no later than June 30th of the fourth fiscal year following the fiscal year in which the tax became delinquent.

- 7) Provides that the tax collector shall not consider in default a redemption installment plan for which all payments due on or before January 7, 2025 have been timely paid, provided that the property that is located within a five mile radius of the center of the Chiquita Canyon Landfill in the County of Los Angeles.
- 8) Suspends payment of taxes due pursuant to the optional four-year payment period for escape assessments, and precludes the tax collector from collecting or considering in default taxes under that plan, until April 10, 2030, for property that is located within a five mile radius of the center of the Chiquita Canyon Landfill in the County of Los Angeles, provided that all payments required by the plan were timely made as of January 7, 2025.
- 9) Contains legislative findings and declarations to:
 - a) State that its retroactive treatment does not constitute a gift of public funds for purposes of Section 6 of Article XVI of the California Constitution.
 - b) That a special statute is necessary because of the unique circumstances of the elevated temperature landfill event that occurred beneath the Chiquita Canyon Landfill in the County of Los Angeles, California.
- 10) Provides that its provisions take effect immediately as an urgency statute.

Background

Chiquita Canyon elevated temperature landfill event. Since May of 2022, the Chiquita Canyon Landfill in Los Angeles County has been experiencing a chemical reaction that the Environmental Protection Agency calls a Subsurface Elevated Temperature event. This type of event causes excessive toxic leakage, which increases emissions and odors from carbon monoxide, hydrogen gas, hydrogen sulfide, and volatile organic compounds, while methane is decreased. The extreme heat smoldered decades-old garbage and damaged the landfill's gas control systems, causing foul odors to drift into the surrounding area. The smoldering chemical reaction has sent noxious odors into area neighborhoods and triggered legal action by residents and Los Angeles County.

Prior/Related legislation

AB 27 (Schiavo) enacts a Personal Income and Corporation Tax exclusion for any Chiquita Canyon elevated temperature landfill event payment amount received by a taxpayer, on or after March 1, 2024, and before January 1, 2029. AB 27's

provisions were enacted as part of SB 132 (Committee on Budget & Fiscal Review, Chapter 17, Statutes of 2025).

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

According to the Senate Appropriations Committee:

- 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).

SUPPORT: (Verified 9/5/25)

Freedom's Way Baptist Church
One Individual

OPPOSITION: (Verified 9/5/25)

None received

ARGUMENTS IN SUPPORT: According to the author, "the Chiquita Canyon Landfill in my district has been burning for the last three years. The landfill fire is releasing carcinogens into the air and causing health problems among residents, businesses to shut down, and making the surrounding area completely unlivable. Requests that a state of emergency be enacted so residents receive needed assistance have gone ignored. The people of Val Verde and Castaic deserve better and need the resources to protect themselves. AB 985 ensures those additional resources such as property tax reassessment are available for residents to utilize."

ASSEMBLY FLOOR: 64-1, 6/3/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Haney, Harabedian, Hart, Hoover, Irwin, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schultz, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Rivas

NOES: DeMaio

NO VOTE RECORDED: Bauer-Kahan, Dixon, Gallagher, Mark González, Hadwick, Jackson, Kalra, Muratsuchi, Patel, Patterson, Sanchez, Schiavo, Sharp-Collins, Zbur

Prepared by: Colin Grinnell / REV. & TAX. / (916) 651-4117
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