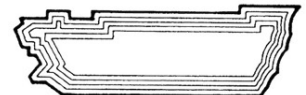
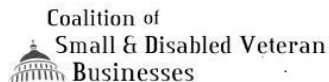
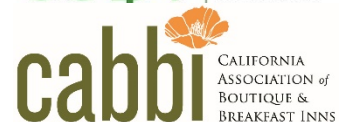
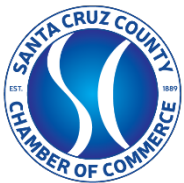


April 6, 2020

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

**Subject: Request Executive Order Partially Suspending Revenue and Taxation Code Sections 2618 and 4103**





Dear Governor Newsom:

Thank you for your leadership in response to the COVID-19 pandemic, including your March 12 executive order allowing the California Department of Tax and Fee Administration and the Franchise Tax Board to extend tax payment deadlines.

Your executive orders extending those deadlines will allow individuals to focus on paying immediate, necessary expenses during these uncertain times. Your action also gives businesses a better chance to maintain positive cash-flow at a time when operations have been reduced dramatically, making it possible for businesses to keep idle employees on payroll and continue paying bills.

On April 10, property owners throughout California will be required to remit payment for the second installment of locally assessed property taxes. Failure to pay the second installment by that date results in a 10% penalty (Revenue and Taxation Code section 2618), and if those taxes remain unpaid by June 30, an additional penalty of 1.5% *per month* attaches (Revenue and Taxation Code section 4103). Counties have limited discretion to waive delinquency penalties under section 4985.2, for “reasonable cause and circumstances beyond the taxpayer’s control [that] occurred notwithstanding the exercise of ordinary care in the absence of willful neglect.” Moreover, that local waiver can be given only if full payment is made by June 30.

Therein lies the problem that requires your action. There have been conflicting media reports about whether local Treasurer-Tax Collectors may grant waivers under Revenue and Taxation Code section 4985.2 for *economic reasons* or only for reasons *directly related* to COVID-19 – such as the taxpayer being hospitalized or otherwise directly incapacitated with the disease. Many counties are interpreting existing law to forbid them from allowing a penalty waiver if the taxpayer needed the tax payment to meet payroll, or to pay rent or provide for their family or other economic reasons. This means in the best case, relief will be inconsistently granted across the state, and at worst, available to almost no one.

Additionally, when businesses are trying to avoid furloughs and layoffs, the administrative burden of applying for waivers can be extremely onerous. Businesses with multiple parcels in more than one county may be required to file a penalty waiver request for each parcel number – resulting in thousands of requests that county employees will have to process and evaluate. None of this will be done by April 10, and taxpayers who choose to defer payment will do so with no certainty of the status of their request for waiver until it is too late to do something about it before the 10% penalty attaches.

During a State of Emergency, Government Code Section 8571 authorizes the governor to suspend a statute, and we urge you to exercise your authority to partially suspend Revenue and Taxation Code sections 2618 and 4103 to allow payment of the second installment of property taxes by July 15, the extension date you already granted for income tax filing and payment.

We are aware that property taxes are primarily a local revenue source, and we are sensitive to the needs of local government at this extraordinary time. For that reason, we do not believe the suspension need apply to payments of property taxes by third-party holders of “impound accounts.”

When considering the balance between the needs of the taxpayers and the needs of local government, we ask you to consider the following:

- Taxes on all business personal property already have been fully paid;

- The first installment (50%) of property taxes on the secured roll was paid in December. Some taxpayers paid their entire property tax at that time for income tax reasons;
- About 57% of homeowners use impound accounts, and local government would receive that money as well.

Given that the counties have received or will receive the vast majority of property tax revenue under our requested partial suspension, a 90-day delay in receiving the remaining tax is a reasonable share of the burden for local government to bear when balanced against the daily fight to survive that taxpayers are facing.

Suspension of these sections for all 58 counties will allow taxpayers time to focus on staying afloat in the days and weeks ahead as we all fight COVID-19 through social distancing and keeping business doors closed.

We thank you for considering this request and for your continued work on behalf of Californians during this historic health crisis. Taxpayers appreciate your candor and transparent daily updates, and the many steps that you and your administration have taken to protect the health of all Californians and minimize the impact of COVID-19.

On behalf of California businesses and homeowners,

**Robert Gutierrez**  
CalTax President  
and Chief Executive Officer

**Jon Coupal**  
Howard Jarvis Taxpayers  
Association President

Also on behalf of:

California Taxpayers Association  
Advanced Medical Technology Association  
Agricultural Council of California  
Airlines for America  
American Property Casualty Insurance  
Association  
Apartment Association of Greater Los  
Angeles  
Association of California Life & Health  
Insurance Companies  
Bay Area Council  
Building Owners and Managers Association  
of California  
California Apartment Association  
California Association of Boutique &  
Breakfast Inns

Howard Jarvis Taxpayers Association  
California Association of Winegrape  
Growers  
California Attractions and Parks Association  
California Bankers Association  
California Business Roundtable  
California Business Properties Association  
California Cattlemen's Association  
California Chamber of Commerce  
California Fuels & Convenience Alliance  
California Hotel & Lodging Association  
California Independent Petroleum  
Association  
California Lodging Industry Association  
California Manufacturers & Technology  
Association

California Mortgage Bankers Association  
California Retailers Association  
California Rental Housing Association  
California Restaurant Association  
California Travel Association  
California Trucking Association  
CampCalNOW RV Park and Campground Alliance  
Central Valley Business Federation  
Coalition of Sensible Taxpayers  
Coalition of Small & Disabled Veteran Businesses  
El Monte/South El Monte Chamber of Commerce  
Family Business Association of California  
Flasher Barricade Association  
Fountain Valley Chamber of Commerce  
Greater Irvine Chamber of Commerce  
Greater Riverside Chambers of Commerce  
Greater San Fernando Valley Chamber of Commerce  
Hotel Association of Los Angeles  
Humboldt and Mendocino Redwood Companies  
International Council of Shopping Centers  
Kern County Taxpayer Association  
Long Beach Hospitality Alliance  
Los Angeles County Economic Development Corporation  
Los Angeles County Business Federation  
Mike Naggar and Associates Inc.  
Murrieta/Wildomar Chamber of Commerce  
Nareit  
National Federation of Independent Business  
NAIOP of California, the Commercial Real Estate Development Association

North Bay Leadership Council  
North Orange County Chamber  
Official Police Garages Associations of Los Angeles  
Orange County Business Council  
Orange County Taxpayers Association  
Orange County Realtors  
Oxnard Chamber of Commerce  
Plumbing-Heating-Cooling Contractors Association of California  
Private Essential Access Community Hospitals, PEACH  
Property Owners Association of Riverside County  
Ryan  
Santa Ana Chamber of Commerce  
Santa Cruz Chamber of Commerce  
San Gabriel Valley Economic Partnership  
Santa Maria Valley Chamber of Commerce  
Santa Rosa Metro Chamber  
Silicon Valley Leadership Group  
Southern California Rental Housing Association  
Southwest California Legislative Council  
Southwest Riverside County Association of Realtors  
Spidell Publishing, Inc.  
The Silicon Valley Organization  
Temecula Valley Chamber Commerce  
United Hospital Association  
Valley Industry & Commerce Association  
Western Electrical Contractors Association  
Western Manufactured Housing Communities Association  
Western States Petroleum Associations  
Wine Institute

cc: Ann O'Leary, Chief of Staff, Office of Governor Gavin Newsom  
Ana Matosantos, Cabinet Secretary, Office of Governor Gavin Newsom  
Anthony Williams, Office of Governor Gavin Newsom  
The Honorable Betty Yee, State Controller  
The Honorable Antonio Vazquez, Chair, Board of Equalization  
The Honorable Mike Schaefer, Vice Chair, Board of Equalization  
The Honorable Malia M. Cohen, Board of Equalization  
The Honorable Ted Gaines, Board of Equalization  
Keely Bosler, Director, Department of Finance