



[AB 985](#) (Schiavo)

Date: July 16, 2025 (amended)

Program: Property Taxes

Revenue and Taxation Code sections 170.1,
4217, 4837.5, and 4985.2

Effective: January 1, 2026

Ted Angelo (Division Chief) 916-274-3423

Ted Angelo (Analyst) 916-274-3423

Ted Angelo (Revenue) 916-274-3423

Analysis Date: July 22, 2025

Summary: Requires retroactive property tax reassessments for property owners within 5 miles of the Chiquita Canyon Landfill due to the Elevated Temperature Landfill Event (ETLE).

Fiscal Impact Summary: Revenue loss is dependent upon individual reduction calculations to the adjusted base year value of each individual property (approximately 2,200) eligible for a retroactive Proposition 8-based "decline in value" assessment.

Existing Law:

Decline in Value. Proposition 8 (1978), which amended Article XIII A to allow temporary reductions in assessed value in cases where real property suffers a decline in value, is codified by section 51(a)(2) of the Revenue and Taxation Code.

A decline in value occurs in any year in which the current market value of real property is less than its adjusted base year value as of the lien date, January 1. A property's base year value is the market value of real property as established in 1975 or when the property last changed ownership or underwent new construction. The base year value is adjusted annually by lower of the percentage change in the consumer price index (CPI), or 2 percent. The adjusted base year value is also known as the factored base year value.

The market value of real property may decline from one lien date to the next lien date; however, the property will not benefit from a lower assessment unless its market value falls below the current factored base year value.

For example, if you purchase your property during a time when the real estate market falls dramatically, or if your property is substantially damaged due to a storm or fire that causes a reduction in your property's value, it is likely that your property will benefit from a Proposition 8 reassessment. The decline in value is typically temporary and may be the result of changes in the real estate market, the neighborhood, or the property itself.

When the market value of a property on the January 1 lien date falls below the factored base year value, the Assessor will review the property's assessment and enroll the lesser of the factored base year value or market value.

Once a property's assessment has been reduced under Proposition 8, the Assessor reviews the assessment annually to determine whether it should remain in decline-in-value status. The assessed value of a property in decline-in-value status may increase each lien date (January 1) by more than the standard two percent maximum allowed for properties assessed under

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Proposition 13 (1978); however, unless there is a change in ownership or new construction, a property's assessed value can never increase above its existing factored base year value.

Disaster Relief. State law¹ allows a county board of supervisors to enact an ordinance to provide property tax relief to property owners following a "disaster" (i.e., a misfortune or calamity) if the property owner's property is damaged or destroyed, and the property owner is not at fault. Currently, all counties have enacted a disaster relief ordinance. A county's disaster relief ordinance may apply to both a "major" event impacting a widespread area or region resulting in a Governor-issued proclamation, such as a wildfire, and a site-specific event, like a single home fire. In the case of a major event, property tax law uses the terminology "an area or region subsequently proclaimed by the Governor to be in a state of disaster."

This disaster relief law permits the County Assessor to immediately reassess the property to recognize the property's market value loss following the event. To qualify, the property value loss must be at least \$10,000. When the relief can be granted, the Assessor reduces the property's assessed value in proportion to the property's market value loss immediately after the event. Then the county calculates a pro-rata tax reduction for the remainder of the fiscal year. The affected property retains the reduced assessment, until the property is restored, repaired, or reconstructed. The law permits annual increases to reflect partial repair, reconstruction, or restoration.

Generally, property owners can file an application to request reassessment within 12 months of the event or the date specified in the county ordinance, whichever is later. In some cases, the Assessor can initiate the reassessment without requiring the property owner to file an application.²

To date, no local or statewide disaster declaration has been issued for the Chiquita Canyon ETLE.

Background:

Chiquita Canyon elevated temperature landfill event (ETLE). 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. Since May of 2022, according to several media reports, 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.³ The extreme heat smoldered decades-old garbage and damaged the landfill's gas control systems, causing foul odors to drift into the surrounding area and triggered legal action by residents and Los Angeles County.⁴

¹ Article XIII, section 15, of the California Constitution; Revenue and Taxation Code (RTC) section 170.

² RTC section 170(a) and (l). Also, assessors can mail applications to property owners to prompt the owners to file a claim for reassessment under RTC section 170(d)(1).

³ Tony Briscoe, "Troubled Chiquita Canyon Landfill will cease accepting trash in 2025," *Los Angeles Times*, December 31, 2024, <https://www.latimes.com/environment/story/2024-12-31/chiquita-canyon-landfill-will-no-longer-accept-trash-in-2025>

⁴ Tony Briscoe, "Los Angeles County files suit 'to stop the awful stench' at Chiquita Canyon landfill," *Los Angeles Times*, December 17, 2024, <https://www.latimes.com/environment/story/2024-12-17/los-angeles-county-sues-chiquita-canyon-landfill>

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The owner of the landfill, Waste Connections Inc., established a fund from March 2024 to February 2025 for the residents of Val Verde, Live Oak, Hasley Hills, Hillcrest Parkway, Hasley Canyon, and Stevenson Ranch. Payments were expected to exceed \$25 million and were awarded to 1,829 households between March 2024 and February 2025.⁵ Prior to being shut down, Chiquita Canyon was Los Angeles County's second-largest active landfill and accounted for about one-third of all garbage disposed of in L.A. County. The owners of Chiquita Canyon Landfill shut down the municipal waste site on January 1, 2025.⁶

Proposed Law: Related to the Chiquita Canyon ETLE, and notwithstanding any disaster declaration:

Reassessment. Adds RTC section 170.1 to require reassessment of every property within a five-mile radius of the center of the Chiquita Canyon ETLE, retroactive to the January 1, 2022 lien date.

Notification. Requires the Tax Collector to send a notice of overpayment to taxpayers and how to file a refund claim based on any Proposition 8-based decline in value determination stemming from the mandated reassessment.

Penalty cancellation. Authorizes 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 ETLE. (RTC sections 4217, 4837.5, and 4985.2)

Definitions. "Chiquita Canyon elevated temperature landfill event" means the elevated temperature landfill event that occurred beneath the Chiquita Canyon Landfill in the County of Los Angeles.

In General:

How a Proposition 8 decline in value review typically works.

Revenue and Taxation Code section 51, requires an 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. Most Assessors 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.

⁵ *California takes aim at troubled Chiquita Canyon landfill.* CalMatters.
<https://calmatters.org/politics/2025/03/chiquita-canyon-landfill-california/>.

⁶ *Id.*

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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 the taxpayer disagrees with the assessed value after the review has been completed, he or she may file an assessment appeal application with the county clerk during the county assessment filing period.

Previous Relevant Legislation: [Senate Bill 1304](#) (Huff, 2016, vetoed) would have extended the RTC section 170 disaster relief for a loss in property value related to environmental contamination due to a major event resulting in a Governor-issued proclamation and would have authorized potential relief to property owners impacted by the Porter Ranch neighborhood methane gas leak that occurred from 2015 to 2016. The Governor indicated his veto was because the bill expanded the basis for future tax relief in similar circumstances and because the County Assessor can already reduce the assessed value of homes to reflect changed market conditions (Proposition 8 process).

Commentary:

1. **Purpose of the bill.** 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 mortgage forbearance or property tax reassessment are available for residents to utilize."
2. **Retroactive Market Value Analysis.** It is unknown if there have been prior legislative attempts to require a Proposition 8 retroactive reassessment.
3. **State Tax Relief.** California's 2025/2026 General Fund budget is exempting the settlements provided to residents near the ETLE from state income tax.

Costs: The BOE will incur one-time costs of approximately \$10,000 to issue updated guidance to Assessors.

Revenue Impact: Estimating the revenue impact of this bill is difficult, although it can be estimated to apply to approximately 2200 homes within a five-mile radius of the ETLE based on property maps of the area.

While the dollar figure is indeterminable based on when the properties were purchased and their market value versus the Prop 13 adjusted base year value, it is estimated to result in potentially significant refunds of property taxes paid during the proposed four-year look-back period. This is estimated to average anywhere between \$0 to \$3,500 per home impacted per year, if relief is limited to improvements and not the underlying land, and ultimately dependent on the Assessor's decline in value determination.

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Qualifying Remark: Additionally, staff notes that no Proposition 8-based decline in value reviews for homes in this area are known to have been approved based on market-related conditions to date since the ETLE began.

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