

# **Victory for Commercial and Industrial Property Owners**

## **Vacancy Tax Bill Gutted and Amended**

NAIOP SoCal is pleased to report that thanks to swift grassroots engagement by our Members, the proposed vacancy tax bill on commercial properties – SB 789 (Menjivar) – has been gutted and amended. The revised language of the bill mandates non-residential property owners to annually report information about vacant buildings to the California Department of Tax and Fee Administration.

During a hearing on April 23, 2025, Members of the State Senate Revenue and Taxation Committee voted 3-1 with one abstention to pass the bill as amended. Skyler Wonnacott, representing NAIOP SoCal's Sacramento-based partner – California Business Properties Association – provided primary testimony in opposition to the bill.

“We thank our Members for swiftly mobilizing against this onerous legislation,” said NAIOP SoCal CEO Timothy Jemal. “What remains of the bill is still problematic. We are strongly opposed to it due to its burdensome reporting requirements on vacant commercial buildings and its financially punitive measures on property owners unable to provide the requisite information in a timely manner. We must remain vigilant in continuing our opposition to SB 789.”

SB 789's original language would have added a \$5 per square foot tax on commercial and industrial properties left vacant for 182 or more days a year. In addition, the bill raised concerns about lowering property values, which would have hurt local budgets, schools and public services due to tax reassessments.

Thanks to over 300 NAIOP SoCal Members who quickly reached out to their State Senators, lawmakers were made aware of the bill's unintended negative impacts on property owners, small businesses and local governments.

NAIOP SoCal will continue its grassroots campaign to defeat this bill, and update our Members on forthcoming actions.



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