

AMENDED IN SENATE MARCH 19, 2025

SENATE BILL

No. 296

Introduced by Senator Archuleta

(Coauthors: Senators Arreguín, Cervantes, Choi, Cortese, Durazo, Gonzalez, Grayson, Grove, Jones, McNerney, Pérez, Richardson, Seyarto, Smallwood-Cuevas, and Weber Pierson)

February 10, 2025

An act to add and repeal Section 205.5.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 296, as amended, Archuleta. Property taxation: exemption: disabled veteran homeowners.

The California Constitution provides that all property is taxable, and requires that it be assessed at the same percentage of fair market value, unless otherwise provided by the California Constitution or federal law. The California Constitution and existing property tax law provide various exemptions from taxation, including, among others, a disabled veterans' exemption and a veterans' organization exemption.

This bill would exempt from taxation, as provided, property owned by, and that constitutes the principal place of residence of, a veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly, if the veteran is 100% disabled. The bill would provide an unmarried surviving spouse a property exemption in the same amount that they would have been entitled to if the veteran was alive and if certain conditions are met. The bill would require certain documentation to be provided to the county assessor to receive the exemption and would prohibit any other real property tax exemption from being granted to the claimant if receiving the exemption provided by the provisions of

this bill. The bill would make these exemptions applicable for property tax lien dates occurring on or after January 1, ~~2025~~, 2026, but occurring before January 1, ~~2035~~, 2036. By imposing additional duties on local tax officials, the bill would impose a state-mandated local program.

Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

~~This bill would state that it is the intent of the Legislature to apply those requirements to the bill and would set forth specified information relating to those requirements.~~

This bill also would include additional information required for any bill authorizing a new tax expenditure.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Existing law requires the state to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding those provisions, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 205.5.1 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 205.5.1. (a) (1) In lieu of the property exemption in Section
- 4 205.5, for property tax lien dates occurring on or after January 1,
- 5 ~~2025~~, 2026, but occurring before January 1, ~~2035~~, 2036, property
- 6 shall be exempt from taxation if all of the following conditions
- 7 are met:

1 (A) The property is owned by and constitutes the principal place
2 of residence of a veteran, the veteran's spouse, or the veteran and
3 the veteran's spouse jointly.

4 (B) The veteran is blind in both eyes or has lost the use of two
5 or more limbs as a result of injury or disease incurred in military
6 service and the disability rating by the United States Department
7 of Veterans Affairs or the military service from which the veteran
8 was discharged is 100 percent.

9 (C) The veteran is totally disabled as a result of injury or disease
10 incurred in military service.

11 (2) For purposes of this subdivision, property is deemed to be
12 the principal place of residence of a veteran, disabled as described
13 in paragraph (1), who is confined to a hospital or other care facility,
14 if that property would be that veteran's principal place of residence
15 were it not for their confinement to a hospital or other care facility,
16 provided that the residence is not rented or leased to a third party.
17 For purposes of this paragraph, a family member who resides at
18 the residence is not a third party.

19 (b) (1) Property that is owned by, and that constitutes the
20 principal place of residence of, the unmarried surviving spouse of
21 a deceased veteran is exempt from taxation in the same amount
22 that the veteran or veteran's spouse would have been entitled to
23 in subdivision (a) if the veteran had been alive, in the case of a
24 veteran who was blind in both eyes, had lost the use of two or more
25 limbs, or was totally disabled, provided that either of the following
26 conditions is met:

27 (A) The deceased veteran, during their lifetime, qualified for
28 the exemption pursuant to subdivision (a), or would have qualified
29 for the exemption under the laws effective on January 1, 2024,
30 except that the veteran died prior to January 1, 2024. The veteran
31 must have been a resident of this state on January 1 of the year in
32 which they died.

33 (B) The veteran died from an injury or disease that was service
34 connected as determined by the United States Department of
35 Veterans Affairs, and the veteran was a resident of this state on
36 January 1 of the year in which they died.

37 (2) (A) Property is deemed to be the principal place of residence
38 of the unmarried surviving spouse of a deceased veteran, who is
39 confined to a hospital or other care facility, if that property would
40 be the unmarried surviving spouse's principal place of residence

1 were it not for their confinement to a hospital or other care facility,
2 provided that the residence is not rented or leased to a person other
3 than a member of the deceased veteran's family, as defined by
4 paragraph (4) of subsection (c) of Section 267 of the Internal
5 Revenue Code.

6 (B) Property is deemed to be the principal place of residence
7 of the unmarried surviving spouse of a deceased veteran only if
8 the property was the principal place of residence of the veteran
9 when they died.

10 (c) For purposes of this section, all of the following definitions
11 apply:

12 (1) "Blind in both eyes" means having a visual acuity of 5/200
13 or less, or concentric contraction of the visual field to 5 degrees
14 or less.

15 (2) "Loss of the use of a limb" means that the limb has been
16 amputated or its use has been lost by reason of ankylosis,
17 progressive muscular dystrophies, or paralysis.

18 (3) "Totally disabled" means the United States Department of
19 Veterans Affairs or the military service from which the veteran
20 was discharged has rated the disability at 100 percent or has rated
21 the disability compensation at 100 percent by reason of being
22 unable to secure or follow a substantially gainful occupation.

23 (4) "Veteran" means either of the following:

24 (A) A person who is serving in or has served in and has been
25 discharged under other than dishonorable conditions from service
26 in the United States Army, Navy, Air Force, Marine Corps, Coast
27 Guard, or Space Force and served either in time of war or in time
28 of peace in a campaign or expedition for which a medal has been
29 issued by Congress, or in time of peace and because of a
30 service-connected disability was released from active duty, and
31 who has been determined by the United States Department of
32 Veterans Affairs to be eligible for federal veterans' health and
33 medical benefits.

34 (B) Any person who would qualify as a veteran pursuant to
35 subparagraph (A) except that they have, as a result of a
36 service-connected injury or disease, died while on active duty in
37 military service. The United States Department of Veterans Affairs
38 shall determine whether an injury or disease is service connected.

1 (5) “Property that is owned by a veteran” or “property that is
2 owned by the veteran’s unmarried surviving spouse” includes all
3 of the following:

4 (A) Property owned by the veteran with the veteran’s spouse
5 as a joint tenancy, tenancy in common, or as community property.

6 (B) Property owned by the veteran or the veteran’s spouse as
7 separate property.

8 (C) Property owned with one or more other persons to the extent
9 of the interest owned by the veteran, the veteran’s spouse, or both
10 the veteran and the veteran’s spouse.

11 (D) Property owned by the veteran’s unmarried surviving spouse
12 with one or more other persons to the extent of the interest owned
13 by the veteran’s unmarried surviving spouse.

14 (E) So much of the property of a corporation as constitutes the
15 principal place of residence of a veteran or a veteran’s unmarried
16 surviving spouse when the veteran, or the veteran’s spouse, or the
17 veteran’s unmarried surviving spouse is a shareholder of the
18 corporation and the rights of shareholding entitle one to the
19 possession of property, legal title to which is owned by the
20 corporation. The exemption provided by this paragraph shall be
21 shown on the local roll and shall reduce the full value of the
22 corporate property. Notwithstanding any law or articles of
23 incorporation or bylaws of a corporation described in this
24 paragraph, any reduction of property taxes paid by the corporation
25 shall reflect an equal reduction in any charges by the corporation
26 to the person who, by reason of qualifying for the exemption, made
27 possible the reduction for the corporation.

28 (d) In order to receive the exemption provided in this section,
29 the claimant shall provide the county assessor documentation,
30 including a letter from the United States Department of Veterans
31 Affairs or the military service from which the veteran was
32 discharged demonstrating the veteran’s disability rating, sufficient
33 to demonstrate the claimant’s eligibility for the exemption.

34 ~~(e) Commencing on the effective date of the act adding this~~
35 ~~subdivision, and for each assessment year thereafter, the exemption~~
36 ~~amounts set forth in subparagraphs (A) and (B) of paragraph (1)~~
37 ~~of subdivision (a) shall be compounded annually by an inflation~~
38 ~~factor that is the annual percentage change, measured from~~
39 ~~February to February of the two previous assessment years,~~
40 ~~rounded to the nearest one-thousandth of 1 percent, in the~~

1 ~~California Consumer Price Index for all items, as determined by~~
2 ~~the Department of Industrial Relations.~~

3 ~~(f)~~

4 (e) An exemption granted to a claimant pursuant to this section
5 shall be in lieu of the veteran's exemption provided by subdivisions
6 (o), (p), (q), and (r) of Section 3 of Article XIII of the California
7 Constitution, Section 205.5 of this code, and any other real property
8 tax exemption to which the claimant may be entitled. Any other
9 real property tax exemption shall not be granted to any other person
10 with respect to the same residence for which an exemption has
11 been granted pursuant to this section. However, if two or more
12 veterans qualified pursuant to this section coown a property in
13 which they reside, each is entitled to the exemption to the extent
14 of their interest.

15 ~~(g)~~

16 (f) This section shall remain in effect only until January 1, ~~2035,~~
17 ~~2036,~~ and as of that date is repealed.

18 SEC. 2. (a) It is the intent of the Legislature to apply the
19 requirements of Section 41 of the Revenue and Taxation Code
20 with respect to the exemption under Section 205.5.1 of the Revenue
21 and Taxation Code, as added by this act.

22 (b) The goal, purpose, and objective of the exemption is to
23 reduce homelessness by providing a tax exemption to 100 percent
24 disabled veteran homeowners.

25 (c) (1) To assist the Legislature in determining whether the
26 exemption allowed by this act fulfills the goal, purpose, and
27 objective as described in subdivision (b), the State Board of
28 Equalization shall, to the extent data is available from county
29 assessors, annually collect and report to the Legislature, pursuant
30 to paragraph (2), data from county assessors to quantify the amount
31 of assessed value exempted and the number and type of taxpayers
32 granted this exemption.

33 (2) By June 1, ~~2025,~~ 2026, and every June 1 thereafter until
34 June 1, ~~2034,~~ 2035, the State Board of Equalization shall report
35 this information to the Legislature in accordance with Section 9795
36 of the Government Code.

37 SEC. 3. If the Commission on State Mandates determines that
38 this act contains costs mandated by the state, reimbursement to
39 local agencies and school districts for those costs shall be made

1 pursuant to Part 7 (commencing with Section 17500) of Division
2 4 of Title 2 of the Government Code.

3 SEC. 4. Notwithstanding Section 2229 of the Revenue and
4 Taxation Code, no appropriation is made by this act and the state
5 shall not reimburse any local agency for any property tax revenues
6 lost by it pursuant to this act.

7 SEC. 5. This act provides for a tax levy within the meaning of
8 Article IV of the California Constitution and shall go into
9 immediate effect.

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