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AB-1485 Property tax: documentary transfer tax: exemptions: Native American tribes. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

ASSEMBLY BILL

NO. 1485

Introduced by Assembly Member Macedo
(Coauthors: Assembly Members Bryan, Gallagher, Hadwick, and Tangipa)

February 21, 2025

An act to add and repeal Sections 214.03 and 11930.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1485, as amended, Macedo. Property tax: documentary transfer tax: exemptions: Native American tribes.

(1) The California Constitution authorizes the Legislature to exempt from taxation, in whole or in part, property that is used exclusively for religious, hospital, or charitable purposes, and is owned or held in trust by a nonprofit entity. Pursuant to that authority, existing law provides for a welfare exemption under which property used exclusively for an exempt purpose and owned and operated by specified entities, including foundations, limited liability companies, or corporations meeting certain statutory requirements, is exempt from taxation. Existing law, until the lien date in 2027, also provides that property used exclusively for the preservation of specified natural resources or open-space lands owned or operated by a specified entity meeting specified criteria is deemed to be included within the welfare exemption.

This bill would provide that, for purposes of the exemption for property used exclusively for the preservation of specified natural resources or open-space lands, for the property tax lien dates for the 2026–27 fiscal year to the 2031–32 fiscal year, inclusive, property may be owned and operated by a federally recognized Indian ~~tribe, a corporation chartered pursuant to tribal law,~~ *tribe* or a wholly owned subsidiary of a federally recognized Indian tribe meeting certain requirements. By expanding the duties of local tax officials, this bill would impose a state-mandated local program.

(2) Existing law authorizes counties and cities and counties to impose a documentary transfer tax at a specified rate upon deeds, instruments, or other writings by which specified property is transferred. Existing law exempts certain transfers from the imposition of that tax, as specified.

This bill would, until January 1, 2031, exempt from that tax the transfer of any deed, instrument, or other writing that makes effective a tribal land return transaction, as defined.

(3) 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 include additional information required for any bill authorizing a new tax expenditure.

(4) 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.

(5) This bill would take effect immediately as a tax levy.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 214.03 is added to the Revenue and Taxation Code, to read:

214.03. (a) Property that is used exclusively for the preservation of native plants or animals, biotic communities, geological or geographical formations of scientific or educational interest, tribal traditional knowledge, as defined in subdivision (p) of Section 8012 of the Health and Safety Code, or open-space lands used solely for recreation and for the enjoyment of scenic beauty, is open to the general public subject to reasonable restrictions concerning the needs of the land, and is owned and operated by a federally recognized Indian ~~tribe, a corporation chartered pursuant to tribal law,~~ *tribe* or a wholly owned subsidiary of a federally recognized Indian tribe shall be deemed to be within the exemption provided for in subdivision (b) of Section 4 and in Section 5 of Article XIII of the California Constitution and in Section 214.

(b) The exemption provided by this section shall not apply to property that is reserved for future development.

(c) (1) For the purposes of determining whether the property is used for the actual operation of the exempt activity as required by subdivision (a), consideration shall not be given to the use of the property for either of the following:

(A) Activities resulting in direct or in-kind revenues, provided that the activities further the conservation objectives of the property as provided in a qualified conservation management plan for the property. These revenues include those revenues derived from grazing leases, hunting and camping permits, rents from persons performing caretaking activities who reside in dwellings on the property, and parking and admission fees collected for purposes of public enjoyment.

(B) Any lease of the property for a purpose that furthers the conservation objectives of the property, as provided in a qualified conservation management plan for the property.

(2) The activities and lease described in paragraph (1) may not generate unrelated business income.

(3) For purposes of this subdivision, a "qualified conservation management plan" means a plan that satisfies all of the following:

(A) Identifies both of the following:

(i) That the foremost purpose and use of the property is for the preservation of native plants or animals, biotic communities, geological or geographical formations of scientific or educational interest, tribal traditional knowledge, or as open-space lands used solely for recreation and for the enjoyment of scenic beauty.

(ii) The overall conservation management goals, including, but not limited to, identification of permitted activities, and actions necessary to achieve those goals.

(B) Describes both of the following:

(i) The natural resources, tribal traditional knowledge, and recreational attributes of the property.

(ii) Potential threats to the conservation values or areas of special concern.

(C) Contains a timeline for planned management activities and for regular inspections of the property, including existing structures and improvements.

(d) This section shall apply to property tax lien dates for the 2026–27 fiscal year to the 2031–32 fiscal year, inclusive.

(e) This section shall remain in effect only until January 1, 2033, and as of that date is repealed.

SEC. 2. Section 11930.5 is added to the Revenue and Taxation Code, to read:

11930.5. (a) Any tax imposed pursuant to this part shall not apply with respect to any deed, instrument, or other writing to make effective a tribal land return transaction.

(b) For purposes of this section, “tribal land return transaction” means a land return acquisition that transfers ownership of land to a ~~California Native American tribe, a corporation chartered pursuant to tribal law,~~ *federally recognized tribe* or a wholly owned subsidiary of a federally recognized Indian tribe in fee simple and that includes restrictive covenants that prohibit that tribe from engaging in commercial activities on the land and restricts the uses to cultural, educational, recreational, or conservation purposes. ~~For purposes of this subdivision, “California Native American tribe” means a Native American tribe located in California that is on the contact list maintained by the Native American Heritage Commission for the purposes of Chapter 905 of the Statutes of 2004.~~

(c) This section shall remain in effect only until January 1, 2031, and as of that date is repealed.

SEC. 3. It is the intent of the Legislature to apply the requirements of Section 41 of the Revenue and Taxation Code to this act. Therefore, the Legislature finds and declares the following with respect to the tax exemptions provided by Section 214.03 of the Revenue and Taxation Code, as added by Section 1 of this act, and by Section 11930.5 of the Revenue and Taxation Code, as added by Section 2 of this act:

(a) The specific goals, purposes, and objectives of these exemptions are to do all of the following:

- (1) Eliminate financial barriers that inhibit federally recognized tribes from reclaiming and preserving ancestral lands and tribal traditional knowledge.
- (2) Ensure equitable access to existing tax exemptions for land conservation.
- (3) Facilitate the return of land to tribal stewardship for cultural, environmental, educational, and recreational purposes.
- (4) Promote tribal self-determination and long-term environmental preservation by enabling tribes to hold and maintain land in its natural state without incurring additional transactional tax burdens.

(b) Detailed performance indicators for the Legislature to use in determining whether the exemptions provided by Sections 1 and 2 of this act meet the goals, purposes, and objectives described in subdivision (a) shall be all of the following:

- (1) The total number and total assessed value of tribal land return transactions that qualify for an exemption under Section 2 of this act.
- (2) The total dollar amount of taxes exempted under Section 2 of this act.
- (3) The total acreage of land reclaimed by federally recognized Indian tribes granted an exemption under Section 1 of this act.
- (4) The rate of year-over-year growth in the number of qualifying land transfers and acreage.

(c) The data collection requirements for determining whether the exemptions provided by Sections 1 and 2 of this act are meeting the specific goals, purposes, and objectives described in subdivision (a) are as follows:

(1) On or before March 1, 2028, and every March 1 thereafter, the Board of Equalization shall publish, and make available to the relevant committees of the Legislature, an annual report that does both of the following:

(A) Summarizes the total acreage of land exempted under Section 1 of this act that is owned and operated by ~~corporations chartered pursuant to tribal law,~~ federally recognized Indian ~~tribes,~~ *tribes* or their wholly owned subsidiaries, to the extent that the data is available from counties.

(B) Summarizes all of the following, to the extent that the data is available from counties:

- (i) Total number of tribal land return transactions qualifying for an exemption under Section 2 of this act.
- (ii) Total dollar value of the land transferred through transactions qualifying for an exemption under Section 2 of this act.

(iii) Total amount of documentary transfer taxes exempted under Section 2 of this act.

(2) A report required under this subdivision shall include baseline measurements from the year prior to the effective date.

SEC. 4. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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