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SB-23 Property taxation: exemption: disabled veteran homeowners. (2025-2026)

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CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL

NO. 23

Introduced by Senators Valladares and Grove

(Coauthors: Senators Choi, Dahle, Hurtado, [Jones](#), Ochoa Bogh, and Seyarto)

(Coauthors: [Assembly Members Alanis, Hadwick, Hoover, Macedo, and Wallis](#))

December 02, 2024

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 23, as amended, Valladares. 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, 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, but occurring before January 1, 2035. 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.

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 Local Program: yes

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

SECTION 1. Section 205.5.1 is added to the Revenue and Taxation Code, to read:

205.5.1. (a) (1) In lieu of the property exemption in Section 205.5, for property tax lien dates occurring on or after January 1, 2025, but occurring before January 1, 2035, property shall be exempt from taxation if all of the following conditions are met:

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

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

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

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

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

(A) The deceased veteran, during their lifetime, qualified for the exemption pursuant to subdivision (a), or would have qualified for the exemption under the laws effective on January 1, 2025, except that the veteran died prior to January 1, 2025. The veteran must have been a resident of this state on January 1 of the year in which they died.

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

(2) (A) Property is deemed to be the principal place of residence of the unmarried surviving spouse of a deceased veteran, who is confined to a hospital or other care facility, if that property would be the unmarried surviving spouse's principal place of residence were it not for their confinement to a hospital or other care facility, provided that the residence is not rented or leased to a person other than a member of the deceased veteran's family, as defined by paragraph (4) of subsection (c) of Section 267 of the Internal Revenue Code.

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

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

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

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

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

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

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

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

(5) "Property that is owned by a veteran" or "property that is owned by the veteran's unmarried surviving spouse" includes all of the following:

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

(B) Property owned by the veteran or the veteran's spouse as separate property.

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

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

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

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

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

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

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

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

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

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

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

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.