
SENATE COMMITTEE ON GOVERNANCE AND FINANCE

Senator Anna M. Caballero, Chair

2023 - 2024 Regular

Bill No: SB 82
Author: Seyarto
Version: 3/14/23
Consultant: Grinnell

Hearing Date: 3/29/23
Tax Levy: No
Fiscal: Yes

PROPERTY TAXATION: DISABLED VETERANS' EXEMPTION: ELIGIBILITY LETTERS

Requires a county assessor to accept an electronically-generated letter of service-connected disability in lieu of an original letter of service-connected disability.

Background

The California Constitution provides that all property is taxable unless explicitly exempted by the Constitution or federal law. The Constitution limits the maximum amount of any ad valorem tax on real property at 1% of full cash value, plus any locally-authorized bonded indebtedness. Assessors reappraise property whenever it is purchased, newly constructed, or when ownership changes.

The Constitution allows the Legislature to partially or wholly exempt from property tax the value of a disabled veteran's principal place of residence if the veteran has lost two or more limbs, is totally blind, or is totally disabled as a result of a service-connected injury. The taxpayer must have served in the United States Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard, and been discharged under conditions other than dishonorable. This disabled veterans' exemption is available to disabled veteran taxpayers or their unmarried surviving spouses, so long as the surviving spouse receives a U.S. Department of Veterans Affairs (USDVA) determination that the spouse's death was service-connected. The exemption applies instead of other real property exemptions, like the homeowners' exemption. Once granted, the exemption applies until title to the property changes, the property is no longer the veteran's principal residence, or the veteran is no longer disabled.

Current law defines "totally disabled" to mean that the USDVA 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. State law also contains specific definitions for blindness and the loss of two or more limbs.

Generally, qualifying taxpayers can file a claim for the exemption when they receive a rating letter from the USDVA indicating a 100 percent disability rating or that the disability compensation is at the 100 percent level. All claimants must provide:

- Proof of the veteran's disability, which is generally a letter from the USDVA.
- Proof that the character of service was under "other than dishonorable" conditions, such as a DD-214, or other letter from the USDVA indicating the character of service.

Recently, the Placer County Assessor's Office noticed that some of the electronically-generated letters from USDVA they received from claimants did not include a date or the disability rating, and, as a result, instituted a policy to require the original letter to grant the claim. The author wants to require a county assessor to accept an electronically-generated letter of service-connected disability in lieu of an original letter of service-connected disability.

Proposed Law

Senate Bill 82 requires a county assessor to accept an electronically-generated letter of service-connected disability in lieu of an original letter of service-connected disability, at the discretion of the claimant, when verifying eligibility for the disabled veterans' exemption.

The bill defines "letter of service-connected disability," and makes conforming changes.

State Revenue Impact

Pending.

Comments

1. **Purpose of the bill.** According to the author, "SB-82 establishes universal standards between counties on document requirements for the Disabled Veterans Property Tax Exemption. This clarification of acceptable documents will serve to remove arbitrary barriers to well-deserved benefits for our Veterans and their families."
2. **Paper chase.** SB 82 responds to Placer County's decision not to accept electronically-generated USDVA letters because they did not always include the dates and disability ratings necessary to verify the taxpayer is eligible for the exemption. The measure ensures uniformity statewide by requiring a county assessor to accept an electronically-generated letter of service-connected disability in lieu of an original letter of service-connected disability. However, Assessors indicate that the USDVA is instituting a new system that will ensure this information is included in future electronically-generated letters. As a result of this new system, SB 82 may not be necessary.
3. **Mandate.** The California Constitution requires the state to reimburse local governments for the costs of new or expanded state mandated local programs. Because SB 82 requires assessors to accept electronically-generated letters from USDVA, Legislative Counsel says that it imposes a new state mandate. The measure provides that the state shall not reimburse local agencies for property tax revenue losses, instead stating that should the Commission on State Mandates determine that the bill imposes a reimbursable mandate, reimbursement must be made pursuant to existing statutory provisions.
4. **Coming and going.** The Senate Rules Committee ordered a double referral of SB 82: first, to the Governance and Finance Committee to consider its tax implications, and second to the Military and Veterans Affairs Committee.
5. **Related legislation.** SB 726 (Archuleta) creates a new, alternative disabled veterans' exemption that would exempt the full value of a disabled veteran's residence up to \$863,790 subject to several requirements. The Committee will hear the measure at its April 12, 2023 hearing.

Support and Opposition (3/24/23)

Support: None submitted.

Opposition: None submitted.

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