

Date of Hearing: May 13, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

AB 1668 (Pellerin) – As Amended April 20, 2026

Policy Committee: Revenue and Taxation Vote: 7 - 0

Urgency: No State Mandated Local Program: Yes Reimbursable: Yes

SUMMARY:

This bill extends the sunset date of the welfare property tax exemption for property used exclusively for the preservation of certain natural resources and open-space lands.

Specifically, this bill:

- 1) Extends the sunset date for the exemption up to, and including, the lien date in 2032 and extends the corresponding repeal date to January 1, 2033.
- 2) Declares the goals and related performance indicators of continuing the exemption and requires the State Board of Equalization (BOE) to publish an annual report to the Legislature with certain data provided by counties.

FISCAL EFFECT:

- 1) Annual property tax revenue loss of approximately \$6.5 million by extending the welfare exemption for preserved lands. A 2010 BOE analysis estimated the exempt value of identified qualified properties at \$304 million, which would reach \$647 million under the annual inflation factor of 2%. Although property tax is a local government revenue source and this bill prohibits the state from reimbursing local agencies for lost property tax revenues, reductions in property tax revenues, in turn, increase General Fund (GF) Proposition 98 spending by up to roughly 50% (the exact amount depends on the operative test of the annual Proposition 98 guarantee).
- 2) One-time costs of approximately \$3,000 to BOE to update related guidance and produce eight annual reports (GF).
- 3) Likely minor and absorbable costs across 58 county assessors to continue administering the exemption. If the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service for which the state must reimburse local costs, counties could claim reimbursement from the state.

The Legislative Analyst's Office recently warned of GF structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

COMMENTS:

- 1) **Purpose.** According to the author:

For more than 40 years, the welfare tax exemption has proven an important tool in protecting habitat for some of California's unique flora and fauna, and for providing recreational opportunities and natural beauty to Californians. AB 1668 extends the property tax exemption for open lands from 2027 to 2033 so that land trusts can continue doing the important work of preserving and maintaining open space.

- 2) **Welfare Exemption.** Existing law allows a property tax welfare exemption for property used exclusively for charitable, hospital or religious purposes and owned by a non-profit organization operating for those purposes. Through the 2027 lien date, allowable exempt property includes land used for preservation of native plants or animals, biotic communities, geological or geographical formations or open-space lands used solely for recreation. The exemption has been extended numerous times since its enactment in 1971. This bill extends the exemption until the 2032 lien date.
- 3) **Support and Opposition.** This bill is supported by a coalition of land trusts and environmental groups, with The Nature Conservancy (TNC) arguing the "exemption has allowed TNC to protect endangered habitats and species across California, providing extensive public benefits such as flood protection, groundwater recharge, wildfire risk reduction, and public education and access."

This bill is opposed by the California Teachers Association (CTA), which argues that while the policy may be well intended, "CTA does not support this approach, as it would reduce overall funding for education. CTA believes Proposition 98 should be protected from reductions through the creation of new or expanding existing tax expenditures."

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