

ASSEMBLY THIRD READING  
AB 2022 (Jeff Gonzalez)  
As Amended April 29, 2026  
Majority vote

## SUMMARY

Replaces the existing disabled veterans' property tax exemption with an expanded exemption for a five-year period.

### Major Provisions

- 1) Provides that, in lieu of the disabled veterans' exemption under existing law, 50% of the assessed value of the principal place of residence of a disabled veteran, as defined, the veteran's spouse, or the veteran and their spouse jointly, is exempt from taxation.
- 2) Provides that the entire value of the principal place of residence of a low-income disabled veteran, as defined, the veteran's spouse, or the veteran and their spouse jointly, is exempt from taxation.
- 3) Requires that the existing disabled veterans' exemption remains operative if the property does not exceed \$200,000 in assessed value, in the case of a disabled veteran that does not qualify as low-income.
- 4) Extends this bill's modifications to the principal place of residence of a deceased disabled veterans' unmarried surviving spouse, only if the property for which the exemption is sought was the principal place of residence of the veteran when they died. The property of an otherwise eligible disabled veteran who died prior to January 1, 2024 is eligible for this bill's expansion.
- 5) Provides that this bill's provisions apply to property tax lien dates occurring on or after January 1, 2027, and before January 1, 2032.
- 6) Provides that it is the intent of the Legislature to apply the requirements of Revenue and Taxation Code Section 41 to this bill's provisions. The goal, purpose, and objective of this bill is to reduce homelessness by providing a tax exemption to 100% disabled veteran homeowners.
- 7) Requires the State Board of Equalization (BOE) to report to the Legislature, to the extent data is available from county assessors, the amount of assessed value exempt and the number and type of taxpayers granted this exemption. The BOE must report this information beginning June 1, 2027, for five years.
- 8) Takes immediate effect as a tax levy.
- 9) Repeals this bill's provisions as of January 1, 2032.

## COMMENTS

*Proposition 98 (Prop. 98):* In 1988, California voters approved Prop. 98, which guarantees a certain level of educational funding for schools and community colleges based on certain

calculations that vary with General Fund revenues and changes in per capita personal income. Three types of calculations, or tests, are stipulated in the law, and these tests impact the overall amount of revenue reserved for schools in any given year. In Test 1 years, "changes in property tax revenue have dollar-for-dollar effects on the guarantee." According to the Legislative Analyst's Office (LAO), Test 1 remains operative for the 2026-27 fiscal year (FY)<sup>1</sup>. Thus, expanding the disabled veterans' exemption would reduce the Prop. 98 minimum guarantee as property tax revenues decrease from this bill's expansion, creating backfill pressure.

*This bill:* As currently drafted, this bill would provide an expanded disabled veterans' exemption, in lieu of the existing exemption. This expansion would provide a total exemption from property taxation on the principal place of residence of qualifying low-income disabled veterans, and exempt half the value of such property for all other qualifying disabled veterans.

### **According to the Author**

As a disabled veteran, I know firsthand the lifelong challenges that service-connected injuries can create, not only physically, but financially as well. Veterans who are rated 100% disabled often rely on fixed incomes and face significant barriers to employment, yet many still struggle to keep up with rising housing costs and property taxes in California. AB 2022 recognizes the sacrifices these veterans have made by providing a full property tax exemption for their primary residence, helping ensure they can remain safely housed in the communities they call home. This bill also extends that stability to the unmarried surviving spouses of qualifying veterans, honoring their families' sacrifice as well. By reducing this financial burden, AB 2022 helps deliver the dignity, security, and support that our most severely disabled veterans have earned through their service to our nation.

### **Arguments in Support**

None on file

### **Arguments in Opposition**

The California Teachers Association (CTA), writing in opposition to a series of bills causing reductions in revenues, states, in part:

In [FY] 2025-26, the Department of Finance estimated a **\$94 billion dollar loss** in general fund revenue due to existing tax expenditures. This is revenue that would have otherwise gone to the General Fund [(GF)], of which approximately 40% would have gone toward the Proposition 98 minimum guarantee. Once tax credits are passed with a simple majority, it takes a two-thirds vote of the Legislature to repeal them.

While we understand that some of these bills are well intended, CTA does not support this approach, as it would reduce overall funding for education. CTA believes [Prop.] 98 should be protected from reductions through the creation of new or expanding existing tax expenditures.

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<sup>1</sup> *Proposition 98 and K-12 Education, The 2026-27 Budget*, Legislative Analyst's Office (February 4, 2026). <https://lao.ca.gov/Publications/Report/5110> (accessed March 2026).

**FISCAL COMMENTS**

The Assembly Committee on Appropriations, in its analysis of this bill, estimates the following fiscal impact:

- 1) Property tax revenue loss of an unknown amount, potentially in the high tens of millions of dollars, by expanding the disabled veterans' exemption. 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 GF [Prop.] 98 spending by up to roughly 50% (the exact amount depends on the operative test of the annual [Prop.] 98 guarantee).
- 2) Likely minor and absorbable costs to the BOE to update related guidance and materials and report specified data to the Legislature.
- 3) Expanding the disabled veterans' exemption also requires county assessors to update claims forms and informational materials. Additionally, this bill's annual reporting requirement relies on information provided by county assessors to the BOE. By adding to the duties of county assessors in administering the exemption, this bill likely imposes a state-mandated local program with costs of an unknown amount to the state. Although assessors could potentially charge fees to cover costs, to the extent the Commission on State Mandates determines the provisions of this bill create a new program or impose a higher level of service on counties, a county could claim reimbursement of those costs.

The [LAO] recently warned of GF structural deficits of around \$35 billion per year in the 2027-28 [FY] and ongoing.

**VOTES****ASM MILITARY AND VETERANS AFFAIRS: 8-0-0**

**YES:** Schiavo, Jeff Gonzalez, Ávila Farías, Carrillo, Davies, Irwin, Quirk-Silva, Valencia

**ASM REVENUE AND TAXATION: 7-0-0**

**YES:** Gipson, Sanchez, Carrillo, DeMaio, McKinnor, Quirk-Silva, Michelle Rodriguez

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

**UPDATED**

VERSION: April 29, 2026

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