
SENATE COMMITTEE ON MILITARY AND VETERANS AFFAIRS

Senator Bob Archuleta, Chair

2025 - 2026 Regular

Bill No:	AB 2022	Hearing Date:	6/22/26
Author:	Jeff Gonzalez		
Version:	6/4/26		
Urgency:	No	Fiscal:	Yes
Consultant:	Diego Nelson		

Subject: Property taxation: exemption: disabled veteran homeowners

DESCRIPTION

Summary:

Creates a temporary substitute disabled veterans' property tax exemption from January 1, 2027, through January 1, 2032. The bill provides a full property tax exemption for eligible low-income disabled veterans and qualifying unmarried surviving spouses, and a 50% exemption for other eligible claimants. It also allows certain lower-value properties to continue receiving the existing exemption if it provides a greater benefit.

Existing law:

1. Provides that all property is taxable unless explicitly exempted by the California Constitution or federal law. (Cal. Const., art. XIII, § 1.)
2. Authorizes the Legislature to exempt, in whole or in part, the home of a veteran or veteran's spouse if the veteran, because of injury incurred in military service, is blind in both eyes, has lost the use of two or more limbs, or is totally disabled. (Cal. Const., art. XIII, § 4, subd. (a).)
3. Provides a disabled veterans' property tax exemption for the principal residence of an eligible disabled veteran, the veteran's spouse, or the veteran and spouse jointly. (Rev. & Tax. Code, § 205.5)
4. Provides that an unmarried surviving spouse may qualify for the disabled veterans' exemption under specified circumstances. (Rev. & Tax. Code, § 205.5)
5. Establishes two levels of disabled veterans' property tax exemptions. (Rev. & Tax. Code, § 205.5)
6. Provides a basic exemption for qualifying claimants. (Rev. & Tax. Code, § 205.5)
7. Provides a low-income exemption for qualifying claimants whose household income does not exceed the statutory income limit. (Rev. & Tax. Code, § 205.5)
8. Adjusts the exemption amounts and income threshold annually for inflation. (Rev. & Tax. Code, § 205.5)
9. Requires a claimant to file a claim with the county assessor to receive the disabled veterans' exemption. (Rev. & Tax. Code, § 277)

This bill:

1. Provides that, for lien dates occurring on or after January 1, 2027, and before January 1, 2032, 50% of the full value of a qualifying property is exempt from taxation if:

- The property is owned by and constitutes the principal place of residence of a veteran, the veteran's spouse, or the veteran and spouse jointly; and
 - The veteran is blind in both eyes, has lost the use of two or more limbs as a result of injury or disease incurred in military service, or is totally disabled as a result of injury or disease incurred in military service.
2. Provides that if an eligible veteran's household income does not exceed the low-income threshold for the relevant assessment year, 100% of the full value of the property is exempt from taxation.
 3. Provides that a property shall instead remain eligible for the existing disabled veterans' exemption if:
 - The property does not exceed \$371,778 in full value, as adjusted for the relevant assessment year; and
 - The claimant's household income exceeds the low-income threshold.
 4. Provides the same exemption structure for qualifying unmarried surviving spouses.
 5. Provides that a property may continue to be treated as the principal place of residence of an eligible veteran or surviving spouse who is confined to a hospital or other care facility, if the property would otherwise be that person's principal place of residence and is not rented or leased to a third party. A family member residing at the residence is not considered a third party.
 6. Requires a claimant to provide documentation to the county assessor, 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 and eligibility.
 7. Provides that the exemption under this bill is in lieu of the existing disabled veterans' exemption, veterans' exemption, and any other real property tax exemption to which the claimant may otherwise be entitled.
 8. Allows two or more qualifying veterans who co-own and reside in the same property to each receive the exemption to the extent of their ownership interest.
 9. Requires the State Board of Equalization, to the extent data is available from county assessors, to annually collect and report data to the Legislature on the amount of assessed value exempted and the number and type of taxpayers granted the exemption.
 10. Provides that if the Commission on State Mandates determines the bill imposes state-mandated costs, reimbursement shall be made pursuant to existing law.
 11. Provides that the state shall not reimburse local agencies for property tax revenues lost as a result of the bill.
 12. Repeals the new exemption on January 1, 2032.

BACKGROUND

California has long recognized the sacrifices of disabled veterans through a property tax exemption for their principal residence. The California Constitution authorizes the Legislature to partially or fully exempt the home of a veteran, or the veteran's spouse, if the veteran is blind in both eyes, has lost the use of two or more limbs, or is totally disabled as a result of a service-connected injury or disease. This constitutional authority reflects a longstanding policy choice to provide targeted property tax relief to veterans whose service-connected disabilities may limit their earning capacity and increase their need for housing stability.

Current law implements that authority through a partial disabled veterans' exemption for eligible veterans and qualifying unmarried surviving spouses. The exemption applies to the veteran's

principal residence and reduces, but does not fully eliminate, the property's taxable value. The existing exemption has two tiers: a basic exemption available to all qualifying claimants and a larger low-income exemption for claimants whose household income falls below the statutory threshold. In this way, current law provides a baseline level of relief while directing additional assistance to disabled veterans and surviving spouses with more limited financial resources.

The Legislature has maintained this income-based structure for decades. The higher exemption for lower-income disabled veterans was first tied to income eligibility in 1978, and inflation adjustments were added in 2000 so the exemption amounts and income threshold increase over time. For 2027, the basic exemption amount is \$185,889, the low-income exemption amount is \$278,836, and the household income threshold for the low-income exemption is \$83,474.

Although the existing exemption provides meaningful relief, it remains capped and may not fully offset property tax liability in California's high-cost housing markets. For veterans with severe service-connected disabilities, many of whom rely on fixed incomes or face significant barriers to employment, rising property values, insurance costs, and other housing-related expenses can place additional financial strain on their ability to remain in their homes. As a result, the current exemption may provide less practical relief over time, particularly in communities where assessed values and the overall cost of homeownership continue to rise.

COMMENT

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 expanding the existing 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."

This bill does not create a new class of eligible disabled veterans. Instead, it changes the amount of property tax relief available to veterans and surviving spouses who already fall within the disabled veterans' exemption framework. The bill creates three practical outcomes:

1. Low-income eligible disabled veterans and surviving spouses would receive a full property tax exemption on their principal residence.
2. Other eligible disabled veterans and surviving spouses would receive a 50% exemption on the full value of their principal residence.
3. Certain claimants with lower-value homes would continue to receive the existing exemption if it provides a larger benefit than the new 50% exemption.

This structure is intended to provide the greatest relief to low-income disabled veterans while still expanding the exemption for other severely disabled veterans.

Because the existing exemption is a fixed-dollar exemption, some lower-value properties may receive a benefit greater than 50% of the home's value under current law. AB 2022 includes a safeguard to ensure those claimants do not receive a smaller exemption as a result of the bill. For eligible veterans or surviving spouses whose household income exceeds the low-income threshold, the bill allows the existing disabled veterans' exemption to continue applying if the property does not exceed \$371,778 in full value, as adjusted for the relevant assessment year.

County assessors would administer the exemption. Claimants would still be required to provide documentation demonstrating eligibility, including documentation of the veteran's disability rating. Assessors would also continue to verify ownership, principal residence, surviving spouse eligibility, and income qualification where applicable. Because the bill maintains an income-based distinction between the full exemption and 50% exemption, assessors would still need to verify household income for claimants seeking the full exemption.

By expanding the amount of assessed value exempt from taxation, the bill would reduce property tax revenues, with the State Board of Equalization estimating an annual property tax revenue loss of approximately \$181 million. Because the bill does not require the state to reimburse local agencies for these losses, the fiscal impact would be borne by affected local entities. The bill applies only to lien dates on or after January 1, 2027, and before January 1, 2032, and sunsets on January 1, 2032, giving the Legislature an opportunity to evaluate the exemption's fiscal impact and policy outcomes before deciding whether to extend, modify, or allow it to expire.

ARGUMENTS IN SUPPORT

According to The California Commanders Council: "California has approximately 380,000 veterans living with service-connected disabilities. The structure of the existing disabled veterans' exemption has not been meaningfully updated since 1989 -- over 35 years. While inflation adjustments have kept the dollar amounts from eroding entirely, the underlying framework has not kept pace with the sacrifice these veterans made. AB 2022 is a long overdue step in the right direction. California's disabled veterans bring over \$12.4 billion in federal benefits annually into this state. Those dollars flow back into California's economy and follow the veteran, should they choose to leave. Keeping our most severely disabled veterans in their homes is not just the right thing to do -- it is sound economic policy."

ARGUMENTS IN OPPOSITION

According to the California Teacher Association: "In fiscal year 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, 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 Proposition 98 should be protected from reductions through the creation of new or expanding existing tax expenditures."

Prior legislation:

SCA 4 (Archuleta, 2025-2026) would amend the California Constitution to update and expand property tax benefits for veterans and disabled veterans, including allowing the Legislature to increase the veterans' and disabled veterans' property tax exemptions and permitting eligible taxpayers to receive the homeowners' exemption in addition to a veterans' or disabled veterans' exemption.

SB 296 (Archuleta and Valladares, 2025-2026) would have created a full property tax exemption for the principal residence of an eligible disabled veteran or qualifying unmarried surviving spouse.

SB 23 (Valladares and Grove, 2025-2026) would have created a full property tax exemption for the principal residence of an eligible disabled veteran or qualifying unmarried surviving spouse.

SB 726 (Archuleta and Grove, 2023-2024) would have increased the disabled veterans' property tax exemption amount and required the increased amount to be adjusted annually for inflation.

SB 1357 (Archuleta, 2021-2022) would have expanded the disabled veterans' property tax exemption for eligible disabled veteran homeowners.

POSITIONS

Sponsor: Author.

Support: American Legion, Department of California
AMVETS, Department of California
California Association of Realtors
California Baptist Capitol Ministry
California Commanders Council
California State Board of Equalization
Military Officers Association of America
Vietnam Veterans of America, California State Council

Oppose: California Federation of Teachers
California Teachers Association

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