

ASSEMBLY THIRD READING
AB 2089 (Ward)
As Amended April 22, 2026
Majority vote

SUMMARY

Makes certain changes to the process governing the claiming of the welfare exemption.

Major Provisions

- 1) Authorizes a county assessor to accept electronic signatures for materials necessary to claim, maintain, or otherwise receive the welfare exemption, including, but not limited to, annual income verifications. A county board of supervisors must, if necessary and in collaboration with the county assessor, adopt any ordinances to implement this requirement.
- 2) Requires every county to release all forms related to the annual recertification of tenant income necessary to receive the welfare exemption by November 15 of each calendar year prior to the due date for the forms. A county is held harmless from any liability resulting from a failure to release any relevant form if that failure is caused by a delay by the State Board of Equalization (BOE) or other state entity in publishing relevant forms.
- 3) Requires reimbursement of local agencies and school districts if the Commission on State Mandates determines that this bill contains reimbursable costs.

COMMENTS

The welfare exemption: Under constitutional provisions, and statutory implementation, qualification for the welfare exemption is a two-part test. To be eligible, a claimant for the welfare exemption must be both a nonprofit organization, as specified, where no benefit inures to a private individual or shareholder, and must use the property exclusively for a qualifying purpose. This exemption is administered jointly by the BOE and county assessors. The BOE is responsible for evaluating whether an organization is eligible under the welfare exemption based on the qualifications established in existing law. Once the BOE determines that an organization is qualified, the BOE issues that entity an organizational certificate clearance (OCC). If an organization with an OCC changes owners or ownership interests, that organization must notify the BOE. In addition to qualifying as an eligible entity by the award of an OCC, an entity seeking to claim the welfare exemption must demonstrate to the county assessor that the property for which the exemption is sought is used for a qualifying purpose. Thus, an assessor has wide authority to impose additional substantiation requirements beyond those needed for the initial claim to determine whether the property is in fact used for the exempt purpose, as constitutionally required.

The low-income rental housing welfare exemption: Charitable activities qualify as eligible purposes under the welfare exemption, and the Legislature has stipulated that the provision of low-income rental housing to tenants at affordable rates is a charitable purpose qualifying for the welfare exemption. This exemption is a partial one equal to the percentage of units on the property that are rented to low-income households at affordable rates. Eligible organizations owning welfare exempt low-income rental property must file to claim the exemption on an annual basis and certify that the income of tenants of qualifying units do not exceed certain thresholds. Any property taxes paid by an eligible organization on low-income rental property

that is granted the welfare exemption for a timely filed claim are fully refunded. Delays by an eligible organization in timely filing for the welfare exemption do result in losses arising from property tax payments, even if the delay was not the fault of the eligible organization. Should the assessor grant the exemption, the eligible organization does receive 85% to 90% of the amount paid as a refund.

According to the Author

AB 2089 would extend the filing period for recertification of the welfare property tax exemption and authorize county assessors to accept electronic signatures for documents relating to this exemption. These changes would streamline the time-intensive recertification process for eligible affordable housing providers, supporting housing affordability and financial stability for low-income Californians.

Arguments in Support

LeadingAge California, writing in support of this bill, states, in part:

AB 2089 provides a practical and targeted improvement to the welfare exemption process. Allowing assessors to accept electronic signatures would help modernize the filing process and reduce unnecessary administrative burden for both counties and affordable housing providers. This is particularly important for nonprofit providers that may operate properties across multiple jurisdictions, each with their own processes and documentation practices.

AB 2089 would also provide greater predictability by requiring counties to release all forms related to annual tenant income recertification necessary to receive the welfare exemption by November 15 of each calendar year prior to the due date for those forms. Clear and timely access to required forms helps providers complete annual filings accurately and on time, reducing avoidable compliance risk and allowing staff to focus limited resources on housing operations and resident-serving functions.

Arguments in Opposition

None on file

FISCAL COMMENTS

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

- 1) Likely absorbable costs across 58 county assessors to release income recertification forms by November 15. 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.
- 2) Likely absorbable cost pressures to the BOE to timely release forms so county assessors can meet the deadline established by this bill.

VOTES

ASM HOUSING AND COMMUNITY DEVELOPMENT: 12-0-0

YES: Haney, Patterson, Ávila Farías, Caloza, Garcia, Kalra, Lee, Quirk-Silva, Ta, Tangipa, Wicks, Wilson

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, Bauer-Kahan, Calderon, Caloza, Ellis, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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