CONCURRENCE IN SENATE AMENDMENTS
AB 2089 (Ward)
As Amended August 21, 2026
Majority vote

SUMMARY

Makes certain changes to the practices of county assessors in relation to the welfare exemption.

Senate Amendments

1) Extend by one year the existing authorization that an eligible tenant's income may increase up to 140% of the area median income (AMI) without making that tenant's unit ineligible for the low-income rental housing welfare exemption.

2) Adopt double-jointing language to avoid a chaptering conflict with AB 1294 (Haney).

COMMENTS

1) *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 State Board of Equalization (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 clearance certificate (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.

2) *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. A unit granted the low-income rental housing welfare exemption remains eligible for the exemption if the tenant's income rises

above the threshold for low-income, but if that tenant's income remains below 140% of the AMI.

According to the Author
The author has submitted the following statement in support of this bill:

> The property tax welfare exemption improves project feasibility and sustainability for affordable housing providers, supporting long-term affordability for low-income Californians. Currently, the compressed timeline and labor-intensive signature collection process present significant barriers to annual exemption recertifications. AB 2089 facilitates a smooth and timely recertification process by authorizing the county assessor to accept electronic signatures and requiring each county to release all necessary forms by November 15th of each calendar year. Additionally, AB 2089 extends by one year the sunset date allowing a tenant's income in a [low-income housing tax credit]-eligible property to increase up to 140% of AMI without being disqualified for exemption purposes.

Arguments in Support
Writing in support of this bill, the BOE states, in part:

> AB 2089 requires counties to release forms related to the annual recertification of tenant income necessary to receive the Welfare Exemption by November 15 each year, and provides a safe harbor from liability for counties if a failure to release information is caused by a delay by the Board of Equalization or other state entity in publishing relevant forms.
>
> We believe this proposal thoughtfully considers varying compliance capabilities of small, medium, and large county Assessors in their ability to verify information.

Arguments in Opposition
None on file

FISCAL COMMENTS

According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

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

ASSEMBLY FLOOR: 72-0-8

YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Elhawary, Ellis, Flora, Fong, Gabriel, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Ta, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas
ABS, ABST OR NV: Calderon, Dixon, Gallagher, Lee, Quirk-Silva, Celeste Rodriguez, Stefani, Wicks

UPDATED

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