

ASSEMBLY THIRD READING

AB 2167 (Macedo)

As Amended April 29, 2026

Majority vote

SUMMARY

Adds a non-profit corporation chartered pursuant to tribal law to the existing list of entities eligible for the welfare exemption for tribal conservation activities, and the exemption from the Documentary Transfer Tax Act (DTTA) for tribal land return transactions.

Major Provisions

- 1) Adds a non-profit corporation chartered pursuant to tribal law to the existing tribal land conservation property tax exemption, and to the tribal land return transaction exemption under the DTTA.
- 2) Provides that, for the purposes of complying with Revenue and Taxation Code Section 41, the goals, purposes, and objectives of this bill's tax exemptions are to:
 - a) Eliminate financial barriers that inhibit federally recognized tribes from reclaiming and preserving ancestral land and tribal traditional knowledge;
 - b) Ensure equitable access to existing tax exemptions for land conservation;
 - c) Facilitate the return of land to tribal stewardship for cultural, environmental, educational, and recreational purposes; and,
 - d) Promote tribal self-determination and long-term environmental preservation by enabling tribes to hold and maintain land in its natural state without accruing additional transactional tax burdens.
- 3) Requires the State Board of Equalization (BOE) to report, by March 1, 2028, and every March 1 thereafter, the following information that the Legislature may use as performance indicators to determine whether this bill meets its stated goals, purposes, and objectives:
 - a) The total number and total assessed value of tribal land return transactions that qualify for this bill's exemption from the DTTA;
 - b) The total dollar amount of taxes exempted under the DTTA pursuant to this bill;
 - c) The total acreage of land reclaimed by federally recognized Indian tribes granted the tribal conservation property tax exemption; and,
 - d) The rate of year-over-year growth in the number of qualifying land transfers and acreage.
- 4) Takes immediate effect as a tax levy.

COMMENTS

Tribal exemptions: Last year, the Legislature passed AB 1485 (Macedo), Chapter 2, Statutes of 2026. AB 1485 authorized the existing tribal exemptions under the welfare exemption for

conservation activities and the DTTA. When AB 1485 passed the Assembly, that bill only included as eligible entities those currently in existing law. AB 1485 was subsequently amended in the Senate to include, and then remove, corporations chartered pursuant to tribal law as eligible entities. The sponsors of this bill claim that the deletion was inadvertent.

Need for this bill: Committee staff questioned the sponsors of this bill regarding the deficiency in existing law. In response, the sponsors noted that they had not considered the existing construction, despite sponsoring said construction in AB 1485. Committee staff is unclear as to the extent to which other tribes would benefit from this bill. Committee staff notes, however, that qualifying non-profit corporations, funds, foundations, and limited liability companies are qualifying entities under the welfare exemption for conservation activities, generally.

According to the Author

California has taken an important step toward supporting tribal land return transactions and the preservation of natural resources and open-space lands under current law. AB 2167 is a narrow follow-up measure to ensure that framework works as intended.

Some tribes hold land through corporations chartered under tribal law. Those entities are legitimate arms of tribal self-governance, but current statutory language does not clearly state them in the relevant tax provisions. As a result, similarly situated tribal land return transactions may be treated differently based solely on how a tribe structures its ownership.

AB 2167 provides a simple fix by expressly including corporations chartered under tribal law in the applicable welfare exemption and documentary transfer tax provisions. This bill promotes parity, respects tribal governance structures, and preserves the intent of existing law.

Arguments in Support

None on file

Arguments in Opposition

None on file

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 excess of \$300,000. Although the BOE estimates no revenue impact, it is unknown how many non-profit corporations chartered pursuant to tribal law currently or will own and operate such properties that would become exempt from property tax. Although property tax is a local government revenue source, reductions in property tax revenues increase Proposition 98 General Fund (GF) spending by up to roughly 50% (the exact amount depends on the operative test of the annual Proposition 98 guarantee).
- 2) Minor and absorbable costs to the BOE to update related guidance and data collection.
- 3) Likely minor and absorbable costs to county assessors to update welfare exemption administration and county tax recorders to update DTT[A] administration. 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.

VOTES

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

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