SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2167 (Macedo) - Property tax: documentary transfer tax: exemptions: nonprofit corporations chartered under tribal or federal law

Version: June 11, 2026
Urgency: No
Hearing Date: August 3, 2026

Policy Vote: REV. & TAX. 4 - 0
Mandate: Yes
Consultant: Robert Ingenito

Bill Summary: AB 2167 would clarify that nonprofit tribal corporations and wholly owned tribal entities are eligible for the welfare exemption from property tax and exemption from the Documentary Transfer Tax enacted by AB 1485 (Macedo, 2026).

Fiscal Impact:

- This bill would likely reduce local property tax revenues relative to current law. Although the Board of Equalization (BOE) estimates no revenue impact, the actual fiscal effect is unknown because it is unclear how many nonprofit corporations chartered under tribal law currently own, or may in the future acquire, property that would become eligible for the exemption.

  Reductions in local property tax revenues, in turn, can increase General Fund Proposition 98 spending by up to roughly 50 percent (the exact amount depends on the specific amount of the annual Proposition 98 guarantee, which in turns depends upon a variety of economic, demographic and budgetary factors).

- BOE would incur minor and absorbable costs as a result of the bill.

- By imposing specified duties on local officials, this bill creates a state-mandated local program. To the extent the Commission on State Mandates determines that the provisions of this bill create a new program or impose a higher level of service on local agencies, local agencies could claim reimbursement of those costs. The magnitude is unknown, but likely minor.

Background: Existing law authorizes the property tax welfare exemption for property used exclusively for specified preservation, conservation, scientific, educational, or open-space purposes that is open to the public and owned and operated by qualifying nonprofit organizations. Counties and cities also may impose a documentary transfer tax (DTT) on transfers of real property. Last year, AB 1485 (Macedo, 2025) established parallel property tax and DTT exemptions for qualifying tribal land return transactions involving federally recognized California tribes. The measure applies to land acquired for cultural, educational, recreational, or conservation purposes and extends eligibility to wholly owned tribal subsidiaries. According to the author, this bill would clarify and expand the types of tribal entities eligible for those exemptions by including nonprofit corporations chartered under tribal law, consistent with the diverse organizational structures used by tribes to own and manage land.

Proposed Law: This bill, among other things, would add the following entities into AB 1485: (1) nonprofit corporations chartered by a federally recognized tribe pursuant to tribal law, (2) nonprofit corporations chartered under Section 17 of the Indian Reorganization Act, and (3) wholly owned tribal entities, as defined.

Related Legislation: AB 1668 (Pellerin) would extend the welfare exemption for open space lands owned by non-profit charitable organizations for five years. The measure is currently pending in this Committee.

Staff Comments: Existing law authorizes the property tax welfare exemption for property used exclusively for specified preservation or open-space purposes that is open to the general public and owned and operated by a scientific or charitable fund with a primary interest to preserve such natural areas. AB 1485 allowed similar property owned by a Native American tribe to qualify for the welfare exemption until the property tax lien date for 2031-32. This bill additionally would apply the exemption to a property owned by a non-profit corporation chartered pursuant to tribal law.

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