CONCURRENCE IN SENATE AMENDMENTS
AB 672 (Caloza)
As Amended August 20, 2026
Majority vote

SUMMARY

Original Committee of Reference: Committee on Public Employment and Retirement.

As approved by the Assembly, required a plaintiff or petitioner filing a civil action seeking injunctive relief against certain specified labor actions, and which public employment labor relations are regulated by the Public Employment Relations Board (PERB), to provide notice to PERB. On April 28th, the author amended the bill to delete those provisions and insert the current provisions.

Senate Amendments
Current Committee Recommendation: Concur in Senate Amendments.

1) Delete the prior contents of the bill.

2) Extend, from January 1, 2027, to January 1, 2032, the lien date prior to which the property must be acquired to receive the CLT welfare property tax exemption.

3) Finds and declares the following for purpose of complying with Revenue and Taxation Code (R&TC) Section 41:

   a) The specific goals, purposes, and objectives of the exemption are the following:

      i) Facilitate the acquisition, development, rehabilitation, and financing of ownership and rental housing for persons and families of low and moderate income; and,

      ii) To facilitate development and rehabilitation of restricted affordable dwellings and units.

   b) The performance indicators for the Legislature to use in determining whether this exemption meets the goals, purposes, and objectives outlined above are:

      i) The annual amount of assessed value exempted; and,

      ii) The number of owner-occupied dwelling units or rental units, or both, created by CLTs granted this exemption.

   c) Requires the following:

      i) CLTs claiming the exemption to provide performance indicator information described above to their county assessor in the form and manner prescribed by the assessor;

      ii) County assessors to provide, to the extent available, the State Board of Equalization (BOE) with the performance indicator information; and,

iii) The BOE to annually collect data from county assessors to quantify the performance indicators and, on or before January 1, 2031, submit a report to the Legislature summarizing the information.

COMMENTS

a) *What is a "tax expenditure"*? Existing law provides various credits, deductions, exclusions, and exemptions for particular taxpayer groups. In the late 1960s, United States Treasury officials began arguing that these features of the tax law should be referred to as "expenditures" since they are generally enacted to accomplish some governmental purpose and there is a determinable cost associated with each of them (in the form of forgone revenues). This bill would extend an existing property tax expenditure under the welfare exemption, thereby constituting a tax expenditure.

b) *Committee's tax expenditure policy*: SB 1335 (Leno), Chapter 845, Statutes of 2014, added R&TC Section 41, which recognized that the Legislature should apply the same level of review used for government spending programs to tax credits introduced on or after January 1, 2015. AB 263 (Burke), Chapter 743, Statutes of 2019, extended the requirements in R&TC Section 41 to all tax expenditure measures under the Personal Income Tax Law, the Corporation Tax Law, and the Sales and Use Tax Law introduced on or after January 1, 2020. This Committee's policy is to treat all tax expenditures similarly and requires that all proposed property tax expenditures likewise comply with R&TC Section 41.

   A tax expenditure proposal must outline specific goals, purposes, and objectives that the tax expenditure will achieve, along with detailed performance indicators for the Legislature to use when measuring whether the tax expenditure meets those stated goals, purposes, and objectives. In addition to the R&TC Section 41 requirements, this Committee's policy also requires that all tax expenditure proposals contain an appropriate sunset provision to be eligible for a vote. Sunsets are required because eliminating a tax expenditure generally requires a $2/3^{rd}$ vote. These requirements must be satisfied before a bill can receive a vote in this Committee. This bill contains a five-year sunset and complies with the requirements of R&TC Section 41.

c) *Results so far*: After enacting the CLT exemption in SB 196, which took effect January 1, 2020, and ended January 1, 2025, the Legislature preemptively extended it for two years in 2022. As part of both measures, the Legislature required CLTs to report data to assessors for subsequent reporting to BOE. In 2025, the BOE requested data from the 58 county assessors, but received only 33 responses, of which only eight counties specified the number of parcels owned by CLTs. Five counties reported parcels owned by CLTs with an estimated assessed value of $10.3 million. While the above data implies that the exemption is seldom claimed in California, it may be instead that it is being claimed in the 25 counties that did not respond to BOE’s survey. The bill’s proponents argue that even though the exemption does not apply to many properties, it has provided a significant financial benefit for several important CLT projects, including 68 for the Irvine CLT. The Committee may wish to consider whether the CLT exemption is accomplishing its goals of expanding affordable housing in the state.

d) *Related legislation*:

i) AB 1668 (Pellerin), would extend the sunset date of the welfare property tax exemption for property used exclusively for the preservation of specified natural resources and open-space lands by five years. AB 1668 passed the Senate Floor on Special Consent on August 20, 2026, and is currently pending before the Governor.

ii) AB 1294 (Haney) would, for lien dates commencing on or after January 1, 2027, and before January 1, 2030, provide a partial welfare exemption in the case of certain residential rental property used for low- and moderate-income households. AB 1294 is currently pending on the Senate Floor.

According to the Author
Community land trusts are a powerful tool to expand affordable housing, making our neighborhoods more equitable and accessible. Property tax policy should support—not hinder—efforts to create stable, affordable homes for low-income families. AB 672 protects existing provisions for community land trusts to ensure they can continue developing affordable housing without disruption, helping more Californians build security, mobility, and opportunity through homeownership.

Arguments in Support
According to the California Community Land Trust Network:

Today, there are 50 emerging and established CLTs in California, in all regions of the state, serving urban, rural, and suburban communities. CLTs are community-controlled nonprofit organizations that steward land to provide permanently affordable homes and community facilities, housing thousands of low-income Californians. While many other forms of affordable housing place income restrictions on their properties which expire after some period of time, CLTs keep properties permanently affordable while providing stability to residents and stewarding scarce public resources efficiently.

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Senate Committee on Appropriations:

- The BOE indicates that it would incur minor, one-time administrative costs to implement the provisions of the bill.

- The BOE indicates that this bill would result in lower property taxes relative to current law; however, the magnitude of the decline is unknown. Reductions in local property tax revenues, in turn, can increase General Fund Proposition 98 spending by up to roughly 50% (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).

- By changing the manner in which assessors value real property, 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 (General Fund). The magnitude of these costs is unknown.

VOTES

ASM PUBLIC EMPLOYMENT AND RETIREMENT: 6-0-1
YES: McKinnor, Alanis, Boerner, Elhawary, Garcia, Nguyen
ABS, ABST OR NV: Lackey

ASM JUDICIARY: 9-0-3
YES: Kalra, Wicks, Bryan, Connolly, Harabedian, Pacheco, Papan, Stefani, Zbur
ABS, ABST OR NV: Dixon, Sanchez, Tangipa

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Hart, Pacheco, Pellerin, Solache
ABS, ABST OR NV: Sanchez, Dixon, Ta, Tangipa

ASSEMBLY FLOOR: 62-4-13
YES: Addis, Aguiar-Curry, Ahrens, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Davies, Dixon, Elhawary, Flora, Fong, Gabriel, Garcia, Gipson, Mark González, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Schultz, Sharp-Collins, Solache, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
NO: DeMaio, Ellis, Gallagher, Patterson
ABS, ABST OR NV: Alanis, Arambula, Castillo, Jeff Gonzalez, Hadwick, Lackey, Macedo, Quirk-Silva, Sanchez, Soria, Stefani, Ta, Tangipa

SENATE FLOOR: 39-0-1
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Valladares

ASM REVENUE AND TAXATION: 7-0-0
YES: Gipson, Sanchez, Carrillo, DeMaio, Mark González, Quirk-Silva, Michelle Rodriguez

UPDATED

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