SENATE THIRD READING
SB 296 (Archuleta, et al.)
As Amended August 13, 2026
Majority vote. Tax Levy

SUMMARY

Replaces the existing disabled veterans' property tax exemption with an expanded exemption for a five-year period.

Major Provisions

1) Provides that, in lieu of the disabled veterans' exemption under existing law, 50% of that part of the assessed value that does not exceed $1 million of the principal place of residence of a disabled veteran, as defined, the veteran's spouse, or the veteran and their spouse jointly, is exempt from taxation.

2) Provides that the entire value of that part of the assessed value that does not exceed $1 million of the principal place of residence of a low-income disabled veteran, as defined, the veteran's spouse, or the veteran and their spouse jointly, is exempt from taxation.

3) Requires that the existing disabled veterans' exemption remains operative if the property does not exceed $371,778 in assessed value, in the case of a disabled veteran that does not qualify as low-income.

4) Extends this bill's modifications to the principal place of residence of a deceased disabled veterans' unmarried surviving spouse, only if the property for which the exemption is sought was the principal place of residence of the veteran when they died. The property of an otherwise eligible disabled veteran who died prior to January 1, 2024 is eligible for this bill's expansion.

5) Provides that this bill's provisions apply to property tax lien dates occurring on or after January 1, 2027, and before January 1, 2032.

6) Provides that it is the intent of the Legislature to apply the requirements of Revenue and Taxation Code Section 41 to this bill's provisions. The goal, purpose, and objective of this bill is to reduce homelessness by providing a tax exemption to 100% disabled veteran homeowners.

7) Requires the State Board of Equalization (BOE) to report to the Legislature, to the extent data is available from county assessors, the amount of assessed value exempt and the number and type of taxpayers granted this exemption. The BOE must report this information beginning June 1, 2027, for five years.

8) Takes immediate effect as a tax levy.

9) Repeals this bill's provisions as of January 1, 2032.

COMMENTS

Proposition 98 (Prop. 98): In 1988, California voters approved Prop. 98, which guarantees a certain level of educational funding for schools and community colleges based on certain calculations that vary with General Fund revenues and changes in per capita personal income. Three types of calculations, or tests, are stipulated in the law, and these tests impact the overall amount of revenue reserved for schools in any given year. In Test 1 years, "changes in property tax revenue have dollar-for-dollar effects on the guarantee." According to the Legislative Analyst's Office (LAO), Test 1 remains operative for the 2026-27 fiscal year[1]. Thus, expanding the disabled veterans' exemption would reduce the Prop. 98 minimum guarantee as property tax revenues decrease from this bill's expansion, creating backfill pressure.

This bill: As currently drafted, this bill would provide an expanded disabled veterans' exemption, in lieu of the existing exemption, on the first $1 million of assessed value of the eligible property. This expansion would provide a total exemption from property taxation on the first $1 million of the assessed value of the principal place of residence of qualifying low-income disabled veterans, and exempt half the value of the first $1 million of assessed value of such property for all other qualifying disabled veterans.

According to the Author
Veterans, like all Californians, are feeling the pressure of rising housing costs. SB 296 seeks to provide a helping hand to disabled veterans throughout the state by expanding the disabled veteran's exemption to allow a full property tax exemption for 100 percent disabled veterans. There are several states that waive property taxes for 100% disabled veterans, including Florida, Texas, Virginia, New Mexico, and Hawaii. As we look to the future, we must continue to ensure that we utilize every tool at our discretion to help keep veterans in their homes and in California. This disabled veterans' exemption honors their bravery and commitment to our nation while also assisting those who are struggling with the high cost of living in California.

Arguments in Support
None on file

Arguments in Opposition
None on file

FISCAL COMMENTS

The Assembly Appropriations Committee notes the following estimated fiscal impact:

1) Annual property tax revenue loss in the tens of millions of dollars by expanding the disabled veterans' exemption. Although property tax is a local government revenue source and this bill prohibits the state from reimbursing local agencies for lost property tax revenues, reductions in property tax revenues, in turn, increase General Fund (GF) Proposition 98 spending (the exact amount depends on the operative test of the annual Proposition 98 guarantee).

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[1] *Proposition 98 and K-12 Education, The 2026-27 Budget*, Legislative Analyst’s Office (February 4, 2026). https://lao.ca.gov/Publications/Report/5110 (accessed March 2026).

2) Likely absorbable costs to the BOE to update related guidance and materials and report specified data to the Legislature (GF).

3) Expanding the disabled veterans' exemption also requires a county assessor to update claims forms and informational materials. Additionally, this bill's annual reporting requirement relies on information provided by county assessors to the BOE. By adding to the duties of a county assessor in administering the exemption, this bill likely creates a state-mandated local program. 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, the county may seek reimbursement from the state (GF). The magnitude of such costs is unknown.

VOTES

SENATE FLOOR: 38-0-2
YES: Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Limón, Reyes

ASM MILITARY AND VETERANS AFFAIRS: 8-0-0
YES: Schiavo, Jeff Gonzalez, Ávila Farías, Carrillo, Davies, Michelle Rodriguez, Sharp-Collins, Valencia

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

ASM APPROPRIATIONS: 11-0-4
YES: Wicks, Arambula, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache
ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

VERSION: August 13, 2026

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