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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### **SB 623 (Archuleta) - Property taxation: homeowners', veterans', and disabled veterans' exemptions**

**Version:** February 20, 2025

**Policy Vote:** REV. & TAX. 5 - 0, M.&V.A.  
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**Urgency:** No

**Mandate:** Yes

**Hearing Date:** January 20, 2026

**Consultant:** Robert Ingenito

**Bill Summary:** SB 623 would amend the homeowners' property tax exemption to allow a property that receives the Homeowners' Exemption to also receive the Disabled Veterans' or Veterans' exemption.

**Fiscal Impact:** The Board of Equalization (BOE) estimates that this bill would result in annual property tax revenue losses of \$4.7 million. Reductions in local property tax revenues, in turn, 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 turn depends upon a variety of economic, demographic and budgetary factors). BOE would incur minor General Fund administrative costs.

**Background:** Under the California Constitution, all property is taxable unless explicitly exempted. Current exemptions include the Homeowners' Exemption, the Veterans' Exemption, and the Disabled Veterans' Exemption.

**Homeowners' Exemption:** The Constitution (1) grants a \$7,000 property tax exemption on the assessed value when the home is the principal place of residence, and (2) requires the State to reimburse local governments for the resulting reduction in property tax revenues. The Constitution allows the Legislature to increase this exemption; however, it must (1) increase subventions to local agencies backfilling any revenue loss and (2) provide an increase in benefits to qualified renters.

**Standard Veterans' Exemption:** This is a \$4,000 exemption on the assessed value of real or personal property owned by veterans that were honorably discharged. A surviving spouse or parents may claim the exemption. The exemption, however, is unavailable to veterans who own property valued at \$5,000 or more. Because of the property value limitation, few veteran homeowners are eligible to claim the standard exemption. This exemption is also rarely utilized because any veteran who owns a home can instead claim the homeowners' exemption of \$7,000, which provides greater tax savings.

**Disabled Veterans' Exemption.** This is an exemption from the assessed value of a disabled veteran's principal residence. In order to qualify for the exemption, a veteran must have severe service-related injuries. Qualified veterans include those with service-related (1) loss of vision in both eyes, (2) loss of the use of two or more limbs, or (3) 100 percent disability rating by the Veterans Administration. Unmarried surviving spouses are eligible for this exemption. The exemption applies instead of other real property exemptions, like the homeowners' exemption. State law implementing the exemption

doesn't fully exclude the value of a disabled veteran's property, instead enacting a partial exemption of \$100,000 for disabled veteran taxpayers with annual household income of more than \$40,000, or \$150,000 for income lower than that amount, with each threshold adjusted for inflation, as specified. The current inflation adjusted value for 2025 is \$175,298 for disabled veterans with income of more than \$78,718, and \$262,950 for those with income below that amount.

**Proposed Law:** This bill would amend the homeowners' exemption from property tax to remove the prohibition against a property that receives the homeowners' exemption from also receiving the disabled veterans' or veterans' exemptions. The measure would take effect only if voters approve an unspecified Senate Constitutional Amendment.

**Related Legislation:**

- SB 871 (Archuleta, 2023) was largely identical to this bill, and was held under submission on the Suspense File of the Assembly Revenue & Taxation Committee.
- SCA 4 (Archuleta) would amend the California Constitution to allow additional property tax benefits for taxpayers eligible for the disabled veterans' or veterans' exemptions from property tax. The measure is currently pending in the Senate Committee on Elections and Constitutional Amendments.

**Staff Comments:** BOE data indicate that in 2024-25, 85,920 disabled veterans' exemptions claims were granted: 79,851 at the basic level and 6,069 at the low-income level. The basic exemption amount for that year was \$169,769. The low-income exemption amount was \$254,656 for claimants with a household income below \$76,235.

BOE staff estimates that, based on a survey of several counties, this bill would not impact 21 percent of homes receiving the basic exemption (16,769 homes), nor 24 percent of homes receiving the low-income exemption (1,457 homes), for a total of 18,226 homes. The reason for this is that these homes are already fully exempt because they have an assessed value of less than \$169,769 and \$254,656, respectively. Consequently, this bill would either fully exempt from property tax or greatly increase the current exemption amount for an additional 67,695 homes. At the \$7,000 homeowners' exemption amount, BOE estimates the total exemption value to be \$474 million, resulting in a \$4.7 million annual revenue loss at the one percent property tax rate.

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