
THIRD READING

Bill No: SB 623
Author: Archuleta (D), et al.
Introduced: 2/20/25
Vote: 21

SENATE MILITARY & VETERANS COMMITTEE: 3-0, 1/14/26

AYES: Archuleta, McNerney, Umberg

NO VOTE RECORDED: Grove, Menjivar

SENATE REVENUE AND TAXATION COMMITTEE: 5-0, 1/14/26

AYES: McNerney, Valladares, Ashby, Grayson, Umberg

SENATE APPROPRIATIONS COMMITTEE: 7-0, 1/22/26

AYES: Caballero, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

SUBJECT: Property taxation: homeowners', veterans', and disabled veterans' exemptions

SOURCE: Author

DIGEST: This bill amends the homeowners' exemption from property tax to allow a property that receives the homeowners' exemption to also receive the disabled veterans' or veterans' exemptions; takes effect only if voters approve an unspecified constitutional amendment at the November, 2026, statewide general election.

ANALYSIS:

Existing law:

- 1) Provides that all property is taxable unless explicitly exempted by the Constitution or federal law (California Constitution, Article XIII, Section One).
- 2) Sets forth several property tax exemptions (California Constitution, Article XIII, Section Three).

- 3) Exempts \$7,000 in taxable value when the home is the principal place of residence of the owner on January 1st of the year the exemption is claimed, unless the taxpayer claims another exemption.
- 4) Allows the Legislature to increase the exemption; however, they must increase subventions to local agencies backfilling any revenue loss, and provide an increase in benefits to qualified renters.
- 5) Requires the state to backfill local property tax revenue losses resulting from the exemption (California Constitution, Article XIII, Section 25).
- 6) Contains an exemption for veterans, which the Constitution defines as someone who is serving in, or has served in and has been discharged under honorable conditions from service in, the United States Army, Navy, Air Force, Marine Corps, Coast Guard, or Revenue Marine (Revenue Cutter) Service; and served in any of the following:
 - a) in time of war,
 - b) in time of peace in a campaign or expedition for which a medal has been issued to the veteran by Congress, or
 - c) in time of peace and because of a service-connected disability was released from active duty.
- 7) Sets the exemption amount at \$1,000 (adjusted to \$4,000 in statute) for a person qualifying under the above criteria, or their unmarried surviving spouse or parent of a deceased veteran meeting the service requirements.
- 8) Allows the veteran's exemption for veterans who own property, real or personal, worth less in aggregate than \$5,000 if the claimant is single, or \$10,000 if married.
- 9) Allows the Legislature to partially or wholly exempt from property tax the value of a disabled veteran's principal place of residence if the veteran has lost two or more limbs, is totally blind, or is totally disabled as a result of a service-connected injury, so long as the taxpayer served in the United States Army, Navy, Air Force, Marine Corps, and been discharged under conditions other than dishonorable (California Constitution, Article XIII, Section Four).
- 10) Provides that the disabled veterans' exemption applies instead of other real property exemptions, like the homeowners' exemption.
- 11) Makes the exemption available to disabled veteran taxpayers or their unmarried surviving spouses, so long as the surviving spouse receives a U.S.

Department of Veterans Affairs (USDVA) determination that the spouse's death was service connected.

- 12) Does not fully exclude the value of a disabled veteran or surviving spouse'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 by the Department of Industrial Relations using the California Consumer Price Index for all items. The current inflation adjusted value for 2023 is \$161,083 for disabled veterans with income of more than \$72,335, and \$241,627 for those with less than that amount.

This bill:

- 1) Amends 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.
- 2) Provides that if voters approve an unspecified Senate Constitutional Amendment at the November 2026 statewide general election, the homeowners' exemption applies to property where the owner currently receives the veterans' or disabled veterans' exemption, effective January 1, 2027.
- 3) Makes conforming changes.

Related/prior legislation:

SB 623 (Archuleta) of the current legislative session makes changes to statute to implement SCA 4's constitutional change to allow eligible taxpayers to also claim both the homeowners' as well as either the disabled veterans' or veterans' exemption. SCA 4 is currently pending in the Senate Committee on Elections & Constitutional Amendments.

SB 623 is largely identical to SB 871 (Archuleta) of 2023. The Senate approved that measure, but it did not advance from the Assembly Revenue & Taxation Committee.

If approved by voters, SCA 4 would allow disabled veterans to also claim the homeowners' exemption, equal to \$7,000 in value or \$70 in tax at the 1% rate. Last year, the Senate approved SB 296 (Archuleta), which suspends the current disabled veterans' basic and low-income exemptions and instead provides a full property tax exemption for the principal residence of a disabled veteran or the

surviving unmarried spouse of a qualified veteran. SB 296 provided that its full exemption was in lieu of the veterans' or homeowners' exemption, so if both it and SCA 4 are enacted, a disabled veteran could not claim an exemption that exceeds the full value of their property. However, the Assembly Revenue & Taxation Committee held SB 296 on its suspense file.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

- 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% (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 General Fund administrative costs.

SUPPORT: (Verified 1/23/26)

California Association of Realtors
California Senior Legislature
California State Board of Equalization
County of Orange
County of San Diego
Howard Jarvis Taxpayers Association

OPPOSITION: (Verified 1/23/26)

None received

ARGUMENTS IN SUPPORT: According to the author, "Veterans have made significant sacrifices in service to our country. They have put their lives on the line, spent time away from their families, and faced numerous physical and mental challenges in their pursuit of safety and security for our Country. And yet despite all of this, many veterans continue to face difficulties as they transition back to civilian life. One of the biggest challenges veterans face is the financial burden of owning a home. For many veterans, owning a home can be a difficult dream to achieve and maintain. Many veterans struggle to make ends meet despite their service, especially if they are on a fixed income or facing other financial challenges. In California, the current veterans' exemption provides veterans and their families with a \$4,000 reduction in the taxable value of their property to help ease the financial burden of owning a home. This lifeline can be especially

important for veterans who are facing other challenges such as medical bills or disabilities as a result of their service. Unfortunately, the amount of the current veteran exemption has remained the same since its creation, along with limitations on the maximum eligible value of a property owned by a veteran. Furthermore, because the homeowners' exemption is nearly twice the amount of the veteran exemption at \$7,000, most California veteran homeowners choose the homeowners' exemption, leaving the veterans' exemption underutilized. SCA 4 and SB 623 seek to allow a veteran property owner who qualifies for the veterans' exemption or the disabled veterans' exemption to also receive the homeowners' exemption. These measures will provide much needed tax relief for veterans and their families. In California, we have a proud tradition of supporting our veterans. We recognize the sacrifices that they have made and we are committed to providing them with the support they need to succeed and stay here in California after their service. SCA 4 and SB 623 exemplifies that commitment and is a way for California to show that we value our veterans and their contributions to our great state."

Prepared by: Colin Grinnell / REV. & TAX. / (916) 651-4117
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