



fully exclude the value of a disabled veteran's property, but instead adjusts the exemption based on household income.

This measure asks the people of the State of California to amend Article XIII of the California Constitution to:

- 1) Permit a qualifying taxpayer to claim both the homeowners' exemption and one or both of the veterans' exemptions.
- 2) Allow the Legislature through statute to increase the current \$4,000 amount of the veterans' exemption to a higher amount, provided it does not exceed the full value of the property.
- 3) Delete the property value limits that make a person ineligible.
- 4) Add the United States Space Force to the list of branches of the military service that make a veteran eligible for the veterans' exemption.
- 5) Delete obsolete language and make conforming changes.

### **BACKGROUND**

Homeowners' Exemption. The California Constitution exempts \$7,000 in taxable value of a home when it 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, such as a veteran's exemption. State law precludes a property that is rented, vacant, under construction on the lien date, or is a vacation or secondary home. The property must be the taxpayer's true, fixed and permanent home, and principal establishment to which they intend to return if absent.

Once granted, the homeowner's exemption continues until the taxpayer notifies the assessor of ownership changes. The Constitution allows the Legislature to increase the exemption but requires the Legislature to increase subventions to local agencies backfilling any revenue loss and provide an increase in benefits to qualified renters.

Veterans' Exemption. The Constitution contains an exemption for veterans, which it defines as someone who is serving, 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:

- In time of war;
- In time of peace in a campaign or expedition for which a medal has been issued to the veteran by Congress; or
- In time of peace and because of a service-connected disability was released from active duty.

State statute deems 26 wars and four campaigns as qualifying for the veterans' exemptions in statute. Most of the wars and campaigns listed occurred over 100 years ago, dating back to the Revolutionary War. The exemption reduces taxable value by

\$1,000 (adjusted to \$4,000 in statute) for a person qualifying under the above criteria, or their unmarried surviving spouse or either parent of a deceased veteran meeting the service requirements.

The Constitution only allows the 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. According to California Board of Equalization, at its peak, from 1956 through 1962, over one million persons received the veterans' exemption. The constitutional restrictions for the exemption have, however, rendered it obsolete, so much so that, only one person received the exemption in 2018-19. This exemption has also fallen into disuse because at only \$4,000, any veteran who owns a home can instead claim the homeowners' exemption of \$7,000, which provides greater tax savings.

Disabled Veterans' Exemption. Section 4 of Article XIII 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. The taxpayer must have served in the United States Army, Navy, Air Force, Space Force, Coast Guard, or Marine Corps and been discharged under conditions other than dishonorable. This disabled veterans' exemption is available to disabled veteran taxpayers or their unmarried surviving spouses, so long as the surviving spouse receives a U.S. Department of Veterans Affairs determination that the spouse's death was service-connected. The exemption applies instead of other real property exemptions, like the homeowners' exemption.

State law implementing the exemption provides a partial exemption of \$100,000 for disabled veteran taxpayers with annual household income of more than \$40,000, or \$150,000 for income less than \$40,000, with each threshold adjusted annually for inflation by the Department of Industrial Relations using the California Consumer Price Index for all items. 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 less than \$78,718.

### COMMENTS

- 1) Author's Statement. 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. 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.

This measure and its companion bill, SB 623 (Archuleta), 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.

- 2) Arguments in Support. The Howard Jarvis Taxpayers Association writes in support of the bill:

The veterans' exemption, as currently prescribed in the state Constitution, is effectively obsolete. The veterans' exemption is not adjusted for inflation. As such, the exemptions value remains the same at \$4,000, the equivalent of \$40 dollars in real terms, along with the limitations on the maximum total value of property owned by the veteran to remain eligible for the exemption.

Moreover, the homeowners' property tax exemption is nearly twice the amount of the veteran's exemption (\$7,000 or \$70). Both exemptions prohibit application of the other exemption. In other words, it is extremely unlikely that a veteran property owner would claim the veteran's exemption.

There is some disagreement over how many people in the state claim the veteran's exemption. But the estimates range from zero to two.

### **RELATED/PRIOR LEGISLATION**

SB 623 (Archuleta) 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. This bill passed the Senate and is pending action in the Assembly.

SCA 6 (Archuleta) of 2023 was nearly identical to this measure. SCA 6 passed the Senate, but the Assembly took no action on the measure.

### **PRIOR ACTION**

Senate Committee on Governance and Finance: 5-0

### **POSITIONS**

**Sponsor:** Author

**Support:** American Legion, Department of California  
AMVETS-Department of California

California Association of Realtors  
California State Board of Equalization  
California State Commanders Veterans Council  
Howard Jarvis Taxpayers Association  
Military Officers Association of America-California Council of Chapters  
Vietnam Veterans of America-California State Council

**Oppose:** None received.

**-- END --**