
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SCA 4 (Archuleta) - Property taxation: veterans' exemption

Version: April 8, 2026

Policy Vote: REV. & TAX. 5 - 0, E. & C.A.
5 - 0

Urgency:

Mandate: No

Hearing Date: May 4, 2026

Consultant: Robert Ingenito

Bill Summary: SCA 4, if approved by the voters, would allow additional property tax benefits to taxpayers eligible for the existing disabled veterans' or veterans' property tax exemptions, as specified.

Fiscal Impact:

- This measure would result in one-time General Fund costs to the Secretary of State (SOS) in the range of \$738,000 to \$984,000, likely in 2026-27, for printing and mailing costs to place the measure on the ballot in a statewide election. Actual costs may be higher or lower, depending on the length of required elements and the overall size of the ballot.
- The Board of Equalization (BOE) estimates that this measure's changes to property tax would result in annual 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 likely 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 of owner-occupied dwellings, and (2) requires the State to reimburse local governments for the resulting reduction in property tax revenues.

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 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. 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 VA. 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 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 that amount.

Proposed Law: This measure, if approved by the voters, would do the following:

- Remove a provision in the California Constitution that prevents a taxpayer from claiming the homeowners' exemption and the disabled veterans' or veterans' exemption.
- Require the Legislature to increase the veterans' exemption if it increases the homeowners' exemption.
- Make two changes to the veterans' exemption:
 - Delete a provision that limits claiming the veterans' exemption to only those veterans who own in the aggregate less than \$5,000 if the claimant is single, or \$10,000 if married.
 - Allow the Legislature to provide a greater exemption amount than the current \$4,000 one, so long as that amount does not exceed the full value of the property.

Related Legislation: SB 623 (Archuleta) would make statutory changes to implement SCA 4's constitutional change to allow eligible taxpayers to also claim both the homeowners' and either the disabled veterans' or veterans' exemption. The measure is currently pending at the Assembly Desk.

Staff Comments: SOS indicates that printing and mailing costs associated with placing a measure on the statewide ballot are \$123,000 per page, depending on the length of the ballot. The fiscal estimates noted above reflect the addition of 6-8 pages in the Voter Information Guide. Actual costs would depend upon the length of the title and summary, analysis by the LAO, proponent and opponent arguments, and text of the proposal.

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