

[Assembly Bill 46](#) (Carrillo)
Date: March 21, 2019 (Amended)
Program: Property Taxes
Sponsor: Author
Revenue and Taxation Code Section 253
Effective: January 1, 2020

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This bill analysis is limited to property tax-related provisions.

Summary: Relating to the provisions about filing for the veterans' exemption in person, this bill replaces certain terms relating to mental illness with more culturally sensitive terms. Additionally, this bill replaces references to a specific gender with gender-neutral terms

Fiscal Impact Summary: No impact.

Existing Law: The California Constitution¹ provides that all property is taxable unless otherwise provided by law. The California Constitution provides a veterans' exemption, not to exceed \$4,000, for qualified veterans who own limited property.² The veterans' exemption may be claimed by a person currently serving in the military service or one who has been honorably discharged, the unmarried surviving spouse, or either parent of a deceased veteran meeting the service requirements. In order to qualify for this exemption, the claimant may not own property, real or personal, worth more than \$5,000 if the claimant is single. If married, the couple may not own property worth more than \$10,000. In addition, the claimant must have lived in California on the lien date, January 1.

To apply for the veterans' exemption, a claim³ must be filed each year with the assessor of the county where the property is located. When making the first claim, any person claiming the veterans' exemption, or the spouse, legal guardian, or conservator of such person, or one who has been granted a power of attorney by such person, must appear before the assessor,⁴ give all information required, answer all questions in an affidavit prescribed by the State Board of Equalization (BOE), and subscribe and swear to the affidavit before the assessor. In subsequent years the person claiming the veterans' exemption, or the spouse, legal guardian, or conservator of such person, or one who has been granted a power of attorney by such person, may file the affidavit under penalty of perjury by mail.

This exemption has become effectively obsolete because for any veteran who owns a home, the homeowners' exemption of \$7,000 provides greater tax savings.⁵ Veterans who do not own homes, but own other taxable property (i.e., a boat or business personal property) are disqualified from the veterans' exemption if they own property worth more than \$5,000 (if single) or \$10,000 (if married). For 2018-19, only one veteran in California received this exemption.

Proposed Law: This bill proposes changes to multiple code sections, including RTC section 253, which relates to the provisions that allow a veteran to file for the veterans' exemption in person. This

¹ California Constitution [article XIII](#), section [1](#).

² Article XIII, section [3](#), subdivisions (o), (p), (q), (r); see also Revenue and Taxation Code (RTC) section 205.

³ BOE-261, *Claim for Veterans' Exemption*.

⁴ RTC section [253](#).

⁵ The veterans' exemption is \$4,000, and the homeowners' exemption is \$7,000. A homeowner may receive one exemption, not both.

This staff analysis is provided to address various administrative, cost, revenue, and policy issues; it is not to be construed to reflect or suggest the BOE's formal position.

bill replaces (1) certain terms relating to mental illness with more culturally sensitive terms, and (2) references to a specific gender with gender-neutral terms.

In General: In order to qualify for the veterans' exemption, a person must first be considered a veteran by the government by meeting certain criteria regarding his or her service as a veteran. A *veteran* means a person serving or who 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 either of the following:⁶

- In time of war or 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.

Persons from the National Guard or National Guard Reserve who are called into active service as part of the Armed Forces of the United States may also qualify for the veterans' exemption.

There are 26 wars and 4 campaigns that qualify for the veterans' exemption. The majority of the wars and campaigns listed were over 100 years ago, dating back to the Revolutionary War. Twenty-two of the 26 wars that ended prior to 1902 are not listed below, since the likelihood of any qualified veterans or, if deceased, their spouses or parents, are no longer living. The following wars or campaigns are those which may still have living qualified claimants:

- War with Germany-Austria, April 6, 1917 - November 11, 1918
- World War II, December 7, 1941 - January 1, 1947
- Campaign against the North Koreans and Chinese Communists in Korea, June 27, 1950 - January 31, 1955
- Campaign against the Viet Cong and North Vietnamese Communists in South Vietnam, August 5, 1964 - May 8, 1975
- First Nicaraguan campaign, July 29, 1912 - November 14, 1912
- Second Nicaraguan campaign, August 27, 1926 - January 2, 1933
- Yangtze River campaign in China, September 3, 1926 - October 21, 1927 or March 1, 1930 - December 31, 1932
- All other campaigns for service in which a medal has been issued to the veteran by the Congress of the United States

To apply for the veterans' exemption, a claim must be filed each year with the assessor of the county where the property is located. The claim form, BOE-261, *Claim for Veterans' Exemption*, is available from the county assessor. To receive the full 100 percent exemption for property owned on the January 1 lien date, the claim must be filed by February 15.

Background: Veterans' Exemption. At its peak, from 1956 through 1962, over one million persons received the veterans' exemption. For 2018-19, only one person received the exemption. This table reflects the number of persons who have been granted the veterans' exemption in the past six years.

⁶ Article XIII, section 3, subdivisions (o), (p), and (q).

ROLL YEAR	REGULAR VETERANS' EXEMPTION
2013-14	6
2014-15	4
2015-16	2
2016-17	6
2017-18	0
2018-19	1

Usage of the veterans' exemption declined for two reasons. First, in 1974, home-owning veterans transitioned to the homeowners' exemption when that exemption amount increased and provided greater tax savings. Second, the strict property value limitations fixed in the California Constitution (\$5,000 if single and \$10,000 if married) make most veterans ineligible.

Commentary:

1. **No Change to Exemption Qualifications.** This bill proposes changes to multiple code sections, including RTC section 253, which requires the first filing for the veterans' exemption to be made in person. These changes replace certain terms relating to mental illness with more culturally sensitive terms and changes gender references to neutral terms. These changes do not affect the qualifications for the exemption.
2. **Minimally-Used Exemption.** For 2018-19, only one veteran in California received the veterans' exemption. This exemption has become effectively obsolete because the strict property value limitations fixed in the California Constitution (\$5,000 if single and \$10,000 if married) make most veterans ineligible. Additionally, for any veteran who owns a home, the homeowners' exemption of \$7,000 provides greater tax savings.

Costs: BOE would incur absorbable costs to modify form BOE-261, publications, and website materials.

Revenue Impact: No direct impact.