STATE OF CALIFORNIA

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PROPERTY TAX DEPARTMENT
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No. 2026/033

To County Assessors:

Disaster Relief: New Construction Exclusion, Disabled Veterans' Exemption, and Welfare Exemption

Effective October 10, 2025, Assembly Bill 245 (Stats. 2025, ch. 530) amends Revenue and Taxation Code[1] section 70.5 and adds section 171.5. Also, effective October 10, 2025, Senate Bill 663 (Stats. 2025, ch. 549) amends sections 70.5, 170, and 205.5 and adds and repeals section 287. The bills contain double-jointing language for the new construction exclusion provided by section 70.5. Other provisions added or amended pertain to disaster relief, the Disabled Veterans' Exemption, and the Welfare Exemption. Each change provides tax relief or maintains an exemption for properties damaged or destroyed in Governor-proclaimed disasters.

New Construction Exclusion

California law provides two types of property tax relief for owners of property that has been substantially damaged or destroyed by a disaster for which the Governor proclaimed a State of Emergency. These two types of property tax relief are (1) a base year value transfer to a replacement property and (2) a new construction exclusion. Existing law provides for three different types of disaster base year value transfers[2] and two alternative disaster new construction exclusions.

Section 70.5 provides that the base year value of property that is substantially damaged or destroyed by a Governor-proclaimed disaster may be applied to a replacement structure reconstructed on the site of the damaged or destroyed structure within five years after the disaster, as long as the reconstructed property is comparable to the substantially damaged or destroyed property.

Assembly Bill 245 amends section 70.5 to extend the five-year period to eight years for qualified property damaged or destroyed on or after January 7, 2025, but before February 1, 2025. Senate Bill 663 likewise amends section 70.5 to extend the reconstruction period from five years to eight years. However, it contains double-jointing language with Assembly Bill 245. As a result, when both bills were enacted, the operative statutory language reflects the more expansive provisions of Senate Bill 663. Accordingly, "qualified property" includes property substantially damaged or destroyed by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, and Woodley Fire as well as the 2024 Mountain Fire or Franklin Fire, occurring on or after November 1, 2024, through February 1, 2025.

[1] All statutory references are to the Revenue and Taxation Code unless otherwise indicated.
[2] See Letters To Assessors No. 2021/026 for a discussion of these three base year value transfers for Governor-proclaimed disasters.

Owners of property substantially damaged or destroyed by any other disaster for which the Governor proclaimed a State of Emergency are still limited to the five-year period to newly construct a replacement structure on the site of the damaged or destroyed property, unless otherwise provided for.

A replacement improvement is considered comparable if it is similar in size, utility, and function to the substantially damaged or destroyed property. Size and utility are associated with value, not physical characteristics. Property is similar in size and utility if the market value of the newly constructed improvement does not exceed 120% of the full cash value of the damaged or destroyed improvement in its pre-damaged condition.[3]

Disaster Relief

Existing law, under section 170, authorizes a county board of supervisors to enact ordinances granting tax relief by reducing current-year assessments of property that sustained damage due to misfortune or calamity. Property owners must apply for reassessment, and the property must meet certain conditions. For property to be considered damaged or destroyed, the sum of the market value of the land, improvements, and personal property before the damage must exceed the sum of the values after damage by $10,000 or more. An ordinance may specify the time limit in which a property owner may file an application for relief, or an application may be filed within 12 months of the misfortune or calamity, whichever is later.

Section 170(a) was amended by Senate Bill 663 to provide that an ordinance enacted by a board of supervisors may specify that an Assessor shall have the discretion to determine the appropriate date of damage and may initiate reassessment if the Assessor determines a property was damaged or destroyed in the preceding 12 months. Additionally, section 170(m) was added to extend the application deadline to the later of the time specified in the ordinance or 24 months from the misfortune or calamity for property damaged in the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, and Woodley Fire as well as the 2024 Mountain Fire or Franklin Fires.

Assembly Bill 245 also adds section 171.5, which provides an additional form of tax relief to property owners who do not qualify for relief under section 170. When determining the full cash value of qualifying property for January 1, 2025, its value will be the full cash value as of the date the property was damaged or destroyed, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in value. Real property impacted by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, or Woodley Fire qualifies for this relief if the total full cash value of the land, improvements, and personal property before the damage or destruction is greater than the value after the damage by $10,000 or more, and the property is not eligible for relief under section 170.

Disabled Veteran's Exemption

Further, the California Constitution provides an exemption for the principal place of residence of a qualifying disabled veteran or a veteran's spouse, including an unmarried surviving spouse. Property is deemed to be the principal place of residence of a veteran if the veteran is confined to a hospital or other care facility.

[3] For more detailed information, please see Letters To Assessors No. 2021/004.

Senate Bill 663 amends section 205.5, providing that property is deemed to be the principal place of residence of a disabled veteran if a dwelling is completely destroyed in a disaster for which the Governor has proclaimed a State of Emergency if certain conditions are met, including:

- The property qualified as the veteran's principal place of residence before the disaster.
- The property has not changed ownership since the disaster occurred.
- The veteran intends to reconstruct a residence on the property and occupy it as their principal residence when possible to do so.

Additionally, eligible veterans receiving the low-income exemption must continue to file a *Claim for Disabled Veteran's Property Tax Exemption* (BOE-261-G) to verify the annual household income.

Welfare Exemption

Lastly, existing property tax law provides for various exemptions for property used exclusively for a specified exempt purpose. With few exceptions, use-based exemptions provided in sections 201 through 242 did not contain provisions for disaster relief. When property was damaged or destroyed in a disaster, the exemption would be removed, as the property could no longer meet the use qualification for the exemption.

Section 287 was added and repealed by Senate Bill 663 to provide disaster relief for properties that received use-based exemptions for the 2025 calendar year and were damaged or destroyed by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, or Woodley Fire, and the 2024 Mountain Fire or Franklin Fire. Section 287 allows properties that received an exemption under sections 201 through 242 and were damaged or destroyed by these fires to continue receiving the exemption under certain conditions if, because of the damage or destruction, they are no longer being used for the exempt purpose.

For the property to be considered used exclusively for its exempt purpose, the following conditions must be met:

- Ownership must not have changed since the start date of the applicable disaster.
- The claimant demonstrates intent to reconstruct the property and resume the preexisting exempt purpose, as evidenced by documented plans, permit submissions, financial commitments, or other documentation that the Assessor can review to confirm the project's viability.
- The claimant submits, along with any applicable annual filings required under this chapter, documentation demonstrating that the claimant is proceeding with the intent of reconstructing the property.
- The claimant demonstrates that they are in the course of beginning the process of reconstruction of the property for the preexisting exempt purpose by December 31, 2033.

This section is active for lien dates on or before January 1, 2033, and is repealed on December 31, 2033.

Copies of amended sections 70.5, 170, and 205.5; added section 171.5; and added and repealed section 287, with all statutory changes shown in strikeout and italic format, are enclosed. If you have any questions, please contact our County-Assessed Properties Division at 916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:mc
Enclosure

Effective October 10, 2025, section 70.5 of the Revenue and Taxation Code is amended to read:

70.5. (a) Notwithstanding Section 70, and pursuant to Section 2 of Article XIII A of the *California* Constitution, the base year value of property that is substantially damaged or destroyed by a disaster, as declared by the Governor, may be applied to replacement property reconstructed on the site of the damaged or destroyed property within five years after the disaster as a replacement for the substantially damaged or destroyed property if that reconstructed property is comparable to the substantially damaged or destroyed property. A person who owns substantially damaged or destroyed property that receives property tax relief under this section shall not be eligible for property tax relief provided under Section 69.

(b) (1) The replacement base year value of the reconstructed property shall be determined in accordance with this section.

(2) The assessor shall use the following procedure in determining the appropriate base year value of the reconstructed property:

(A) If the full cash value of the reconstructed property does not exceed 120 percent of the full cash value of the property substantially damaged or destroyed, then the adjusted base year value of the property substantially damaged or destroyed shall apply to the reconstructed property as its base year value.

(B) If the full cash value of the reconstructed property exceeds 120 percent of the full cash value of the property substantially damaged or destroyed, then the amount of the full cash value over 120 percent of the full cash value of the property substantially damaged or destroyed shall be added to the adjusted base year value of the original property substantially damaged or destroyed. The sum of these amounts shall become the reconstructed property's base year value.

(C) If the full cash value of the reconstructed property is less than the adjusted base year value of the original property substantially damaged or destroyed, then that lower value shall become the reconstructed property's base year value.

(D) The full cash value of the property substantially damaged or destroyed shall be the amount of its full cash value immediately prior to its substantial damage or destruction, as determined by the county assessor of the county in which the property is located.

(c) For purposes of this section:

(1) Property is substantially damaged or destroyed if the improvements sustain physical damage amounting to more than 50 percent of the improvements' full cash value immediately prior to the disaster.

(2) Reconstructed property shall be considered comparable to the original property substantially damaged or destroyed if it is similar in size, utility, and function to the property which it replaces. For purposes of this paragraph:

(A) Property is similar in function if the reconstructed property is subject to similar governmental restrictions, such as zoning.

(B) (i) Both the size and utility of property are interrelated and associated with value. Property shall be considered similar in size and utility only to the extent that the reconstructed property is, or is intended to be, used in the same manner as the original property substantially damaged or destroyed and its full cash value does not exceed 120 percent of the full cash value of the original property substantially damaged or destroyed.

(ii) A reconstructed property or any portion of reconstructed property used or intended to be used for a purpose substantially different than the use made of the original property substantially damaged or destroyed shall to the extent of the dissimilar use be considered not similar in utility.

(iii) A reconstructed property or any portion of reconstructed property that satisfies the use requirement but has a full cash value that exceeds 120 percent of the full cash value of the original property substantially damaged or destroyed shall be considered, to the extent of the excess, not similar in utility and size.

(C) To the extent that reconstructed property or any portion of reconstructed property is not similar in function, size, and utility, the property or portion of that property shall be considered to be newly constructed.

(3) "Disaster" means a major misfortune or calamity in an area subsequently proclaimed by the Governor to be in a state of disaster as a result of that misfortune or calamity.

(d) Only the owner or owners of the property substantially damaged or destroyed, whether one or more individuals, partnerships, corporations, other legal entities, or a combination thereof, shall be eligible to receive property tax relief under this section. Relief under this section shall be granted to an owner or owners of substantially damaged or destroyed property who have reconstructed that property.

(e) (1) Notwithstanding any law, the time period specified in subdivision (a) to apply the base year value of qualified property to replacement property reconstructed on the site of the damaged or destroyed property is extended by three years if the qualified property was substantially damaged or destroyed on or after November 1, 2018, but on or before November 30, 2018.

(2) This subdivision shall apply to the determination of base year values for the 2018–19 fiscal year and fiscal years thereafter.

(3) For purposes of this subdivision, "qualified property" means property that was substantially damaged or destroyed, as described in paragraph (1) of subdivision (c), by the 2018 Woolsey Fire disaster or by the 2018 Camp Fire disaster, as proclaimed by the Governor.

(f) ~~This section shall apply to real property damaged or destroyed by misfortune or calamity on or after January 1, 2017~~. *(1) Notwithstanding any law, the time period specified in subdivision (a) to apply the base year value of qualified property to replacement property reconstructed on the site of the damaged or destroyed property is extended by three years if the qualified property* *was substantially damaged or destroyed on or after November 1, 2024, but before February 1, 2025.*

(2) This subdivision shall apply to the determination of base year values for the 2025–26 fiscal year and fiscal years thereafter.

(3) For purposes of this subdivision, "qualified property" means property that was substantially damaged or destroyed, as described in paragraph (1) of subdivision (c), by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, or Woodley Fire, or the 2024 Mountain Fire or Franklin Fire, for which the Governor proclaimed a state of emergency.

(g) This section shall apply to real property damaged or destroyed by misfortune or calamity on or after January 1, 2017.

Effective October 10, 2025, Section 171.5 is added to the Revenue and Taxation Code, to read:

171.5. *(a) Notwithstanding Section 51, for purposes of determining the full cash value of qualified real property, the fair market value of that qualified real property on January 1, 2025, shall be its full cash value as of the date the property was damaged or destroyed, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in value.*

(b) For purposes of this section, "qualified real property" shall mean real property impacted by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, or Woodley Fire, for which the Governor proclaimed a state of emergency, if the sum of the full cash values of the land, improvements, and personality before the damage or destruction exceeds the sum of the values after the damage by ten thousand dollars ($10,000) or more, and if the property is not eligible for relief under Section 170.

SEC. 3.

The Legislature finds and declares that Sections 1, 1.5, and 2 of this act, which amend Section 70.5 of, and add Section 171.5 to, the Revenue and Taxation Code, do not constitute a gift of public funds within the meaning of Section 6 of Article XVI of the California Constitution and serve the following public purpose:

To ensure that owners of real property that has been substantially damaged or destroyed in the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, or Woodley Fire, for which the Governor proclaimed a state of emergency, are provided the full and fair opportunity to reconstruct on the site of the damaged or destroyed real property and to retain the property tax base year value of that property, an extension of the deadline in Section 70.5 of the Revenue and Taxation Code is necessary. Additionally, to prevent undue hardship for owners of real property that has suffered significant reduction in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a decline in value, these factors should be taken into account in determining property valuations for the 2025 calendar year, as provided by Section 171.5 of the Revenue and Taxation Code.

SEC. 4.

Section 1.5 of this bill incorporates amendments to Section 70.5 of the Revenue and Taxation Code proposed by this bill and Senate Bill 663. That section of this bill shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2026, (2) each bill amends Section 70.5 of the Revenue and Taxation Code, and (3) this bill is enacted after Senate Bill 663, in which case Section 70.5 of the Revenue and Taxation Code, as amended by Senate Bill 663, shall remain operative only until the operative date of this bill, at which time Section 1.5 of this bill shall become operative, and Section 1 of this bill shall not become operative.

SEC. 5.

If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

SEC. 6.

Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 7.

This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

Due to the potential inability of certain property owners to apply for, or respond to a notice of eligibility for, relief, and to provide immediate, automatic relief to victims of the fires in the County of Los Angeles and the County of Ventura, it is necessary that this act take effect immediately.

Effective October 10, 2025, section 170 of the Revenue and Taxation Code is amended to read:

170. (a) Notwithstanding any other law, the board of supervisors, by ordinance, may provide that every assessee of any taxable property, or any person liable for the taxes thereon, whose property was damaged or destroyed without ~~his or her~~ the *assessee's or liable person's* fault, may apply for reassessment of that property as provided in this section. The ordinance may also specify that the assessor *shall have the discretion to determine the appropriate date of damage and* may initiate the reassessment where the assessor determines that within the preceding 12 months taxable property located in the county was damaged or destroyed. ~~The assessor shall have the discretion to determine the appropriate date of damage for the purposes of reassessment.~~

To be eligible for reassessment the damage or destruction to the property shall have been caused by any of the following:

(1) A major misfortune or calamity, in an area or region subsequently proclaimed by the Governor to be in a state of disaster, if that property was damaged or destroyed by the major misfortune or calamity that caused the Governor to proclaim the area or region to be in a state of *emergency, pursuant to Section 8625 of the Government Code, or a state of* disaster. As used in this paragraph, "damage" includes a diminution in the value of property as a result of restricted access to the property where that restricted access was caused by the major misfortune or calamity.

(2) A misfortune or calamity.

(3) A misfortune or calamity that, with respect to a possessory interest in land owned by the state or federal government, has caused the permit or other right to enter upon the land to be suspended or restricted. As used in this paragraph, "misfortune or calamity" includes a drought condition such as existed in this state in 1976 and 1977.

The application for reassessment may be filed within the time specified in the ordinance or within 12 months of the misfortune or calamity, whichever is later, by delivering to the assessor a written application requesting reassessment showing the condition and value, if any, of the property immediately after the damage or destruction, and the dollar amount of the damage. The application shall be executed under penalty of perjury, or if executed outside the State of California, verified by affidavit.

An ordinance may be made applicable to a major misfortune or calamity specified in paragraph (1) or to any misfortune or calamity specified in paragraph (2), or to both, as the board of supervisors determines. An ordinance shall not be made applicable to a misfortune or calamity specified in paragraph (3), unless an ordinance making paragraph (2) applicable is operative in the county. The ordinance may specify a period of time within which the ordinance shall be effective, and, if no period of time is specified, it shall remain in effect until repealed.

(b) Upon receiving a proper application, the assessor shall appraise the property and determine separately the full cash value of land, improvements and personalty immediately before and after the damage or destruction. If the sum of the full cash values of the land, improvements and personalty before the damage or destruction exceeds the sum of the values after the damage by ten thousand dollars ($10,000) or more, the assessor shall also separately determine the percentage reductions in value of land, improvements and personalty due to the damage or destruction. The assessor shall reduce the values appearing on the assessment roll by the percentages of damage or destruction computed pursuant to this subdivision, and the taxes due on the property shall be adjusted as provided in subdivision (e). However, the amount of the reduction shall not exceed the actual loss.

(c) (1) As used in this subdivision, "board" means either the county board of supervisors acting as the county board of equalization, or an assessment appeals board established by the county board of supervisors in accordance with Section 1620, as applicable.

(2) The assessor shall notify the applicant in writing of the amount of the proposed reassessment. The notice shall state that the applicant may appeal the proposed reassessment to the board within six months of the date of mailing the notice. If an appeal is requested within the six-month period, the board shall hear and decide the matter as if the proposed reassessment had been entered on the roll as an assessment made outside the regular assessment period. The decision of the board regarding the damaged value of the property shall be final, provided that a decision of the board regarding any reassessment made pursuant to this section shall create no presumption as regards the value of the affected property subsequent to the date of the damage.

(3) Those reassessed values resulting from reductions in full cash value of amounts, as determined above, shall be forwarded to the auditor by the assessor or the clerk of the board, as the case may be. The auditor shall enter the reassessed values on the roll. After being entered on the roll, those reassessed values shall not be subject to review, except by a court of competent jurisdiction.

(d) (1) If no application is made and the assessor determines that within the preceding 12 months a property has suffered damage caused by misfortune or calamity that may qualify the property owner for relief under an ordinance adopted under this section, the assessor shall provide the last known owner of the property with an application for reassessment. The property owner shall file the completed application within 12 months after the occurrence of that damage. Upon receipt of a properly completed, timely filed application, the property shall be reassessed in the same manner as required in subdivision (b).

(2) This subdivision does not apply where the assessor initiated reassessment as provided in subdivision (a) or (l).

(e) The tax rate fixed for property on the roll on which the property so reassessed appeared at the time of the misfortune or calamity, shall be applied to the amount of the reassessment as determined in accordance with this section and the assessee shall be liable for: (1) a prorated portion of the taxes that would have been due on the property for the current fiscal year had the misfortune or calamity not occurred, to be determined on the basis of the number of months in the current fiscal year prior to the misfortune or calamity; plus, (2) a proration of the tax due on the property as reassessed in its damaged or destroyed condition, to be determined on the basis of the number of months in the fiscal year after the damage or destruction, including the month in which the damage was incurred. For purposes of applying the preceding calculation in prorating supplemental taxes, the term "fiscal year" means that portion of the tax year used to determine the adjusted amount of taxes due pursuant to subdivision (b) of Section 75.41. If the damage or destruction occurred after January 1 and before the beginning of the next fiscal year, the reassessment shall be utilized to determine the tax liability for the next fiscal year. However, if the property is fully restored during the next fiscal year, taxes due for that year shall be prorated based on the number of months in the year before and after the completion of restoration.

(f) Any tax paid in excess of the total tax due shall be refunded to the taxpayer pursuant to Chapter 5 (commencing with Section 5096) of Part 9, as an erroneously collected tax or by order of the board of supervisors without the necessity of a claim being filed pursuant to Chapter 5.

(g) The assessed value of the property in its damaged condition, as determined pursuant to subdivision (b) compounded annually by the inflation factor specified in subdivision (a) of Section 51, shall be the taxable value of the property until it is restored, repaired, reconstructed or other provisions of the law require the establishment of a new base year value.

If partial reconstruction, restoration, or repair has occurred on any subsequent lien date, the taxable value shall be increased by an amount determined by multiplying the difference between its factored base year value immediately before the calamity and its assessed value in its damaged condition by the percentage of the repair, reconstruction, or restoration completed on that lien date.

(h) (1) When the property is fully repaired, restored, or reconstructed, the assessor shall make an additional assessment or assessments in accordance with subparagraph (A) or (B) upon completion of the repair, restoration, or reconstruction:

(A) If the completion of the repair, restoration, or reconstruction occurs on or after January 1, but on or before May 31, then there shall be two additional assessments. The first additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll. The second additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value to be enrolled on the roll being prepared.

(B) If the completion of the repair, restoration, or reconstruction occurs on or after June 1, but before the succeeding January 1, then the additional assessment shall be the difference between the new taxable value as of the date of completion and the taxable value on the current roll.

(2) On the lien date following completion of the repair, restoration, or reconstruction, the assessor shall enroll the new taxable value of the property as of that lien date.

(3) For purposes of this subdivision, "new taxable value" shall mean the lesser of the property's (A) full cash value, or (B) factored base year value or its factored base year value as adjusted pursuant to subdivision (c) of Section 70.

(i) The assessor may apply Chapter 3.5 (commencing with Section 75) of Part 0.5 in implementing this section, to the extent that chapter is consistent with this section.

(j) This section applies to all counties, whether operating under a charter or under the general laws of this state.

(k) Any ordinance in effect pursuant to former Section 155.1, 155.13, or 155.14 shall remain in effect according to its terms as if that ordinance was adopted pursuant to this section, subject to the limitations of subdivision (b).

(l) When the assessor does not have the general authority pursuant to subdivision (a) to initiate reassessments, if no application is made and the assessor determines that within the preceding 12 months a property has suffered damage caused by misfortune or calamity, that may qualify the property owner for relief under an ordinance adopted under this section, the assessor, with the approval of the board of supervisors, may reassess the particular property for which approval was granted as provided in subdivision (b) and notify the last known owner of the property of the reassessment.

(m) Notwithstanding subdivision (a), in the case of property damaged or destroyed by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, or Woodley Fire, or the 2024 Mountain Fire or Franklin Fire, for which the Governor proclaimed a state of emergency, the application for reassessment may be filed within the time specified in the ordinance or within 24 months of the misfortune or calamity, whichever is later.

Effective October 10, 2025, Section 205.5 of the Revenue and Taxation Code is amended to read:

205.5. (a) Property that constitutes the principal place of residence of a veteran, that is owned by the veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly, is exempted from taxation on that part of the full value of the residence that does not exceed one hundred thousand dollars ($100,000), as adjusted for the relevant assessment year as provided in subdivision (i), if the veteran is blind in both eyes, has lost the use of two or more limbs, or if the veteran is totally disabled as a result of injury or disease incurred in military service. The ~~one hundred thousand dollar~~ *one-hundred-thousand-dollar* ($100,000) exemption shall be one hundred fifty thousand dollars ($150,000), as adjusted for the relevant assessment year as provided in subdivision (i), in the case of an eligible veteran whose household income does not exceed the amount of forty thousand dollars ($40,000), as adjusted for the relevant assessment year as provided in subdivision (h).

(b) (1) For purposes of this section, "veteran" means either of the following:

(A) A person who is serving in or has served in and has been discharged under other than dishonorable conditions from service in the United States Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard, and served either in time of war or in time of peace in a campaign or expedition for which a medal has been issued by Congress, or in time of peace and because of a service-connected disability was released from active duty, and who has been determined by the United States Department of Veterans Affairs to be eligible for federal veterans' health and medical benefits.

(B) Any person who would qualify as a veteran pursuant to subparagraph (A) except that they have, as a result of a service-connected injury or disease, died while on active duty in military service. The United States Department of Veterans Affairs shall determine whether an injury or disease is service connected.

(2) For purposes of this section, property is deemed to be the principal place of residence of a veteran, disabled as described in subdivision (a), if either of the following applies:

~~(2)~~*(A)* ~~For purposes of this section, property is deemed to be the principal place of residence of a veteran, disabled as described in subdivision (a), who is~~ *The veteran is* confined to a hospital or other care facility, if that property would be that veteran's principal place of residence were it not for their confinement to a hospital or other care facility, provided that the residence is not rented or leased to a third party. For purposes of this ~~paragraph~~ *subparagraph,* a family member who resides at the residence is not a third party.

(B) A dwelling on the property was completely destroyed in a disaster for which the Governor proclaimed a state of emergency and all of the following apply:

(i) The property qualified as the veteran's principal place of residence prior to the commencement date of the disaster.

(ii) The property has not changed ownership since the commencement date of the disaster.

(iii) The veteran intends to reconstruct a dwelling on the property and occupy the dwelling as their principal place of residence when it is possible to do so.

(iv) In the case of an eligible veteran receiving an increased exemption amount based on household income, as described in subdivision (a), the veteran continues to comply with any applicable annual filing requirement.

(c) (1) Property that is owned by, and that constitutes the principal place of residence of, the unmarried surviving spouse of a deceased veteran is exempt from taxation on that part of the full value of the residence that does not exceed one hundred thousand dollars ($100,000), as adjusted for the relevant assessment year as provided in subdivision (i), in the case of a veteran who was blind in both eyes, had lost the use of two or more limbs, or was totally disabled provided that either of the following conditions is met:

(A) The deceased veteran during their lifetime qualified for the exemption pursuant to subdivision (a), or would have qualified for the exemption under the laws effective on January 1, 1977, except that the veteran died prior to January 1, 1977.

(B) The veteran died from a disease that was service connected as determined by the United States Department of Veterans Affairs.

The ~~one hundred thousand dollar~~ *one-hundred-thousand-dollar* ($100,000) exemption shall be one hundred fifty thousand dollars ($150,000), as adjusted for the relevant assessment year as provided in subdivision (i), in the case of an eligible unmarried surviving spouse whose household income does not exceed the amount of forty thousand dollars ($40,000), as adjusted for the relevant assessment year as provided in subdivision (h).

(2) Commencing with the 1994–95 fiscal year, property that is owned by, and that constitutes the principal place of residence of, the unmarried surviving spouse of a veteran as described in subparagraph (B) of paragraph (1) of subdivision (b) is exempt from taxation on that part of the full value of the residence that does not exceed one hundred thousand dollars ($100,000), as adjusted for the relevant assessment year as provided in subdivision (h). The ~~one hundred thousand dollar~~ *one-hundred-thousand-dollar* ($100,000) exemption shall be one hundred fifty thousand dollars ($150,000), as adjusted for the relevant assessment year as provided in subdivision (i), in the case of an eligible unmarried surviving spouse whose household income does not exceed the amount of forty thousand dollars ($40,000), as adjusted for the relevant assessment year as provided in subdivision (h).

(3) Beginning with the 2012–13 fiscal year and for each fiscal year thereafter, property is deemed to be the principal place of residence of the unmarried surviving spouse of a deceased veteran, who is confined to a hospital or other care facility, if that property would be the unmarried surviving spouse's principal place of residence were it not for their confinement to a hospital or other care facility, provided that the residence is not rented or leased to a third party. For purposes of this paragraph, a family member who resides at the residence is not a third party.

(d) As used in this section, "property that is owned by a veteran" or "property that is owned by the veteran's unmarried surviving spouse" includes all of the following:

(1) Property owned by the veteran with the veteran's spouse as a joint tenancy, tenancy in common, or as community property.

(2) Property owned by the veteran or the veteran's spouse as separate property.

(3) Property owned with one or more other persons to the extent of the interest owned by the veteran, the veteran's spouse, or both the veteran and the veteran's spouse.

(4) Property owned by the veteran's unmarried surviving spouse with one or more other persons to the extent of the interest owned by the veteran's unmarried surviving spouse.

(5) So much of the property of a corporation as constitutes the principal place of residence of a veteran or a veteran's unmarried surviving spouse when the veteran, or the veteran's spouse, or the veteran's unmarried surviving spouse is a shareholder of the corporation and the rights of shareholding entitle one to the possession of property, legal title to which is owned by the corporation. The exemption provided by this paragraph shall be shown on the local roll and shall reduce the full value of the corporate property. Notwithstanding any law or articles of incorporation or bylaws of a corporation described in this paragraph, any reduction of property taxes paid by the corporation shall reflect an equal reduction in any charges by the corporation to the person who, by reason of qualifying for the exemption, made possible the reduction for the corporation.

(e) For purposes of this section, being blind in both eyes means having a visual acuity of 5/200 or less, or concentric contraction of the visual field to 5 degrees or less; losing the use of a limb means that the limb has been amputated or its use has been lost by reason of ankylosis, progressive muscular dystrophies, or paralysis; and being totally disabled means that the United States Department of Veterans Affairs or the military service from which the veteran was discharged has rated the disability at 100 percent or has rated the disability compensation at 100 percent by reason of being unable to secure or follow a substantially gainful occupation.

(f) (1) The county assessor shall accept an electronically generated letter of service-connected disability in lieu of an original letter of service-connected disability, at the discretion of the claimant, for purposes of verifying eligibility for an exemption pursuant to this section.

(2) For purposes of this subdivision, "letter of service-connected disability" means a letter from the United States Department of Veterans Affairs that provides a benefit summary of the claimant's service-connected disability for purposes of claiming disabled veterans' exemptions.

(g) An exemption granted to a claimant pursuant to this section shall be in lieu of the veteran's exemption provided by subdivisions (o), (p), (q), and (r) of Section 3 of Article XIII of the California Constitution and any other real property tax exemption to which the claimant may be entitled. Other real property tax exemptions shall not be granted to any other person with respect to the same residence for which an exemption has been granted pursuant to this section.

However, if two or more veterans qualified pursuant to this section coown a property in which they reside, each is entitled to the exemption to the extent of their interest.

(h) Commencing on January 1, 2002, and for each assessment year thereafter, the household income limit shall be compounded annually by an inflation factor that is the annual percentage change, measured from February to February of the two previous assessment years, rounded to the nearest one-thousandth of 1 percent, in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations.

(i) Commencing on January 1, 2006, and for each assessment year thereafter, the exemption amounts set forth in subdivisions (a) and (c) shall be compounded annually by an inflation factor that is the annual percentage change, measured from February to February of the two previous assessment years, rounded to the nearest one-thousandth of 1 percent, in the California Consumer Price Index for all items, as determined by the California Department of Industrial Relations.

(j) The amendments made to this section by Chapter 871 of the Statutes of 2016 shall apply for property tax lien dates for the 2017–18 fiscal year and for each fiscal year thereafter.

(k) The county assessor may provide written or electronic determination of preliminary eligibility for an exemption under this section.

Effective October 10, 2025, Section 287 is added to the Revenue and Taxation Code, to read:

287. *(a) For property impacted by the 2025 Palisades Fire, Eaton Fire, Hurst Fire, Lidia Fire, Sunset Fire, or Woodley Fire, or the 2024 Mountain Fire or Franklin Fire, for which the Governor proclaimed a state of emergency, if the property received an exemption under this chapter for the 2025 calendar year and is no longer being utilized exclusively for the exempt purposes due to the damage or destruction of the property from the fires, the property shall be deemed to be used exclusively for the exempt purposes in compliance with this chapter if all of the following conditions are met:*

(1) The property has not changed ownership since the commencement date of the applicable disaster.

(2) The claimant demonstrates intent to reconstruct the property and resume the preexisting exempt purpose, as reflected in documented plans, permit submissions, financial commitments, or other documentation that can be reviewed by the assessor to confirm project viability.

(3) The claimant submits, along with any applicable annual filings required under this chapter, documentation that demonstrates that the claimant is proceeding with the intent of reconstructing the property.

(4) The claimant demonstrates that they are in the course of beginning the process of reconstruction of the property for the preexisting exempt purpose by December 31, 2033.

(b) (1) This section shall remain operative only for lien dates on or before January 1, 2033.

(2) This section shall be repealed as of December 31, 2033.

SEC. 5.

The Legislature finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the devastating wildfires and displacement of residents in the County of Los Angeles and the County of Ventura.

SEC. 6.

No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall *be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.*

SEC. 7.

Notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made by this act and the state shall not reimburse any local agency for any property tax revenues lost by it pursuant to this act.

SEC. 8.

This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

To provide immediate economic relief to victims of the recent wildfires in the County of Los Angeles and the County of Ventura, it is necessary that this act take effect immediately.