



STATE BOARD OF EQUALIZATION

PROPERTY TAX DEPARTMENT

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No. 2024/005

February 9, 2024

TO COUNTY ASSESSORS:

DISABLED VETERANS' EXEMPTION: ELIGIBILITY LETTERS

Effective January 1, 2024, [Assembly Bill 1361](#) (Stats. 2023, ch. 473) and [Senate Bill 82](#) (Stats. 2023, ch. 773) both amend section 205.5 of the Revenue and Taxation Code (RTC) pertaining to the disabled veterans' exemption. Both bills included double-joining language, and Chapter 773 (SB 82) will become operative as it was chaptered last.

As you are aware, RTC section 205.5(a) provides a property tax exemption for property that constitutes the principal place of residence of a disabled veteran and is owned by the veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly, if the veteran, because of an injury or disease incurred in military service, is blind in both eyes, has lost the use of two or more limbs, is totally disabled, or if the veteran has, as a result of a service-connected injury or disease, died while on active duty in military service in a campaign or expedition for which a medal was issued by Congress. In the case of a totally disabled veteran, the veteran must be rated as 100 percent disabled or is being compensated at the 100 percent rate due to unemployability. There are two levels of the disabled veterans' exemption: (1) the basic exemption, and (2) the low-income exemption. To receive the disabled veterans' exemption, a qualified person must file a claim for the exemption and provide supporting documentation.

Letter of Service-Connected Disability

One of the required supporting documents is a letter certifying the service-connected disability rating. Chapter 773 adds subdivision (f) to RTC section 205.5 to require a County Assessor to 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 the disabled veterans' exemption. A "letter of service-connected disability" is defined as 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 the disabled veterans' exemption.

By adding new subdivision (f), former subdivisions (f) through (i) have been relettered to subdivisions (g) through (j).

Letter of Preliminary Eligibility

In the case of a totally disabled veteran, a qualifying taxpayer generally can file a claim for the exemption on their principal residence when they receive a rating letter from the US Department of Veterans Affairs (USDVA) indicating a 100 percent disability rating or that the disability compensation is at the 100 percent level. As supporting documentation, all claimants must also provide:

- Proof of the veteran's disability, which is generally a letter from the USDVA.
- Proof the character of service was under "other than dishonorable" conditions, such as a DD-214, or other letter from the USDVA indicating the character of service.

Assessors review and verify the supporting documents, filing and qualification dates, exemption limits, assessed values, and ownership interests when processing the exemption claim.

Chapter 773 adds subdivision (k) to RTC section 205.5 to allow a County Assessor to provide written or electronic determination of preliminary eligibility for the disabled veterans' exemption while a qualified veteran and/or their spouse is in escrow to purchase a residence that will become their principal place of residence. A letter of preliminary eligibility should include the basic requirements for the exemption, the two levels of exemption, and the documents needed to qualify for the exemption. This may be provided in response to a request for a determination of preliminary eligibility, either in writing or by email message.

Under RTC section 205.5, the disabled veterans' exemption applies to a principal place of residence that is owned by a veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly. While an Assessor will be able to provide a letter of preliminary eligibility as to whether a veteran meets the requirements to be considered a qualified veteran, the actual exemption cannot be granted until the qualified veteran, the veteran's spouse, or both own and occupy a dwelling as a principal place of residence and a claim for exemption is filed with the supporting documentation.

A copy of amended section 205.5, with changes noted in ~~strikeout~~/*italics* format, is enclosed. If you have any questions regarding these provisions, please contact the County-Assessed Properties Division at 1-916-274-3350.

Sincerely,

/s/ David Yeung

David Yeung
Deputy Director
Property Tax Department

DY:dc
Enclosure

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 ~~(h)~~, (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 (\$100,000) exemption shall be one hundred fifty thousand dollars (\$150,000), as adjusted for the relevant assessment year as provided in subdivision ~~(h)~~, (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 ~~(g)~~ (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), who 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, a family member who resides at the residence is not a third party.

(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 ~~(h)~~, (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 (\$100,000) exemption shall be one hundred fifty thousand dollars (\$150,000), as adjusted for the relevant assessment year as provided in subdivision ~~(h)~~, (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 ~~(g)~~ (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 (\$100,000) exemption shall be one hundred fifty thousand dollars (\$150,000), as adjusted for the relevant assessment year as provided in subdivision ~~(h)~~, (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 ~~(g)~~ (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.

~~(f)~~

(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. ~~No other~~ *Other* real property tax ~~exemption may~~ *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; ~~provided, that~~ *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.

~~(g)~~

(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.

~~(h)~~

(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.

(~~i~~)

(j) The amendments made to this section by ~~the act adding this subdivision~~ *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.*