

AMENDED IN ASSEMBLY JULY 10, 1996

AMENDED IN ASSEMBLY MAY 16, 1996

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

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**Assembly Constitutional Amendment**

**No. 39**

**Introduced by Assembly Member Morrissey**

February 23, 1996

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Assembly Constitutional Amendment No. 39—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending ~~Section 3~~ *Sections 3 and 25* of Article XIII, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 39, as amended, Morrissey. Property taxation: veterans' exemption.

The California Constitution provides for a \$1,000 exemption from property taxation for property of veterans, unmarried spouses of deceased veterans, or parents of deceased veterans, as specified. An unmarried person who owns property valued at \$5,000 or more, a married person who, together with his or her spouse, owns property valued at \$10,000 or more, or the unmarried spouse of a deceased veteran who owns property in excess of \$10,000 is ineligible for the exemption. The California Constitution also provides for a homeowners' property tax exemption in the amount of \$7,000.

This measure would increase that veterans' exemption to \$7,700 and would remove the limitations on eligibility for the exemption for persons owning property in excess of those

specified amounts. This measure would also provide that if the homeowners' property tax exemption is increased above the amount of \$7,000, the amount of the veterans' exemption shall be increased to 110% of the homeowners' exemption.

*The California Constitution requires the Legislature to provide reimbursements to each local government for revenue lost because of the homeowners' exemption.*

*This measure would also require the Legislature to provide reimbursements to each local government for revenue lost because of the above veterans' exemptions.*

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring, That*  
2 *the Legislature of the State of California at its 1995-96*  
3 *Regular Session commencing on the fifth day of*  
4 *December, 1994, two-thirds of the membership of each*  
5 *house concurring, hereby proposes to the people of the*  
6 *State of California that the Constitution of the State be*  
7 ~~*amended by amending Section 3 of Article XIII thereof;*~~  
8 ~~*to read:*~~ *amended as follows:*

9 *First—That Section 3 of Article XIII thereof is amended*  
10 *to read:*

11 SEC. 3. The following are exempt from property  
12 taxation:

- 13 (a) Property owned by the State.
- 14 (b) Property owned by a local government, except as  
15 otherwise provided in subdivision (a) of Section 11.
- 16 (c) Bonds issued by the State or a local government in  
17 the State.
- 18 (d) Property used for libraries and museums that are  
19 free and open to the public and property used exclusively  
20 for public schools, community colleges, state colleges, and  
21 state universities.
- 22 (e) Buildings, land, equipment, and securities used  
23 exclusively for educational purposes by a nonprofit  
24 institution of higher education.
- 25 (f) Buildings, land on which they are situated, and  
26 equipment used exclusively for religious worship.



1 (g) Property used or held exclusively for the  
2 permanent deposit of human dead or for the care and  
3 maintenance of the property or the dead, except when  
4 used or held for profit. This property is also exempt from  
5 special assessment.

6 (h) Growing crops.

7 (i) Fruit and nut trees until 4 years after the season in  
8 which they were planted in orchard form and grapevines  
9 until 3 years after the season in which they were planted  
10 in vineyard form.

11 (j) Immature forest trees planted on lands not  
12 previously bearing merchantable timber or planted or of  
13 natural growth on lands from which the merchantable  
14 original growth timber stand to the extent of 70 percent  
15 of all trees over 16 inches in diameter has been removed.  
16 Forest trees or timber shall be considered mature at such  
17 time after 40 years from the time of planting or removal  
18 of the original timber when so declared by a majority vote  
19 of a board consisting of a representative from the State  
20 Board of Forestry, a representative from the State Board  
21 of Equalization, and the assessor of the county in which  
22 the trees are located.

23 The Legislature may supersede the foregoing  
24 provisions with an alternative system or systems of taxing  
25 or exempting forest trees or timber, including a taxation  
26 system not based on property valuation. Any alternative  
27 system or systems shall provide for exemption of  
28 unharvested immature trees, shall encourage the  
29 continued use of timberlands for the production of trees  
30 for timber products, and shall provide for restricting the  
31 use of timberland to the production of timber products  
32 and compatible uses with provisions for taxation of  
33 timberland based on the restrictions. Nothing in this  
34 paragraph shall be construed to exclude timberland from  
35 the provisions of Section 8 of this article.

36 (k) \$7,000 of the full value of a dwelling, as defined by  
37 the Legislature, when occupied by an owner as his or her  
38 principal residence, unless the dwelling is receiving  
39 another real property exemption. The Legislature may  
40 increase this exemption and may deny it if the owner



1 received state or local aid to pay taxes either in whole or  
2 in part, and either directly or indirectly, on the dwelling.

3 No increase in this exemption above the amount of  
4 \$7,000 shall be effective for any fiscal year unless the  
5 Legislature increases the rate of state taxes in an amount  
6 sufficient to provide the subventions required by Section  
7 25.

8 If the Legislature increases the homeowners' property  
9 tax exemption, it shall provide increases in benefits to  
10 qualified renters, as defined by law, comparable to the  
11 average increase in benefits to homeowners, as calculated  
12 by the Legislature.

13 (l) Vessels of more than 50 tons burden in this State  
14 and engaged in the transportation of freight or  
15 passengers.

16 (m) Household furnishings and personal effects not  
17 held or used in connection with a trade, profession, or  
18 business.

19 (n) Any debt secured by land.

20 (o) Property in the amount of \$7,700 of a claimant  
21 who—

22 (1) is serving in or has served in and has been  
23 discharged under honorable conditions from service in  
24 the United States Army, Navy, Air Force, Marine Corps,  
25 Coast Guard, or Revenue Marine (Revenue Cutter)  
26 Service; and—

27 (2) served either

28 (i) in time of war, or

29 (ii) in time of peace in a campaign or expedition for  
30 which a medal has been issued by Congress, or

31 (iii) in time of peace and because of a  
32 service-connected disability was released from active  
33 duty; and—

34 (3) resides in the State on the current lien date.

35 If the claimant is married and does not own property  
36 eligible for the full amount of the exemption, property of  
37 the spouse shall be eligible for the unused balance of the  
38 exemption.

39 (p) Property in the amount of \$7,700 of a claimant  
40 who—



1 (1) is the unmarried spouse of a deceased veteran who  
2 met the service requirement stated in paragraphs (1) and  
3 (2) of subdivision (o), and

4 (2) is a resident of the State on the current lien date.

5 (q) Property in the amount of \$7,700 of a claimant  
6 who—

7 (1) is the parent of a deceased veteran who met the  
8 service requirement stated in paragraphs (1) and (2) of  
9 subdivision (o), and

10 (2) receives a pension because of the veteran's service,  
11 and

12 (3) is a resident of the State on the current lien date.

13 Either parent of a deceased veteran may claim this  
14 exemption.

15 (r) No individual residing in the State on the effective  
16 date of this amendment who would have been eligible for  
17 the exemption provided by previous Section 1<sup>1</sup>/<sub>4</sub> of this  
18 article had it not been repealed shall lose eligibility for the  
19 exemption as a result of this amendment.

20 (s) If the homeowners' property tax exemption  
21 provided for in subdivision (k) is increased above the  
22 amount of \$7,000, then the amount of the veterans'  
23 exemption provided for in subdivisions (o), (p), and (q)  
24 shall be increased to 110 percent of the homeowner's  
25 exemption.

26 *Second—That Section 25 of Article XIII thereof is*  
27 *amended to read:*

28 SEC. 25. The Legislature shall provide, in the same  
29 fiscal year, reimbursements to each local government for  
30 revenue lost because of ~~Section 3(k)~~ subdivisions (k), (o),  
31 (p), and (q) of Section 3.

