

SENATOR KELLY SEYARTO

Representing California's 32nd District



SB-888 Disabled Veteran Disability Pay Exclusion

SUMMARY

SB-888 removes a disabled Veteran's disability pay from the personal income calculation when determining their qualification for the Low-Income Exclusion of the Disabled Veterans' Property Tax Exemption.

BACKGROUND

The Disabled Veterans' Property Tax Exemption is a special benefit given to disabled Veterans who call California home. There are two levels of this exemption, Basic and Low Income.

To qualify for the tax exemption, a Veteran must show proof of their disability status with the VA, attest that the property is their principal place of residence and submit a DD-214 (record of service) that reflects a discharge other than dishonorable. Once established as qualified for the tax exemption, a Veteran can attest and demonstrate that their household income is below \$76,235 annually to qualify for the low-income exemption.

Currently, a Veteran rated at 100% disability by the VA with a spouse receives \$48,539 annually. The Social Security Administration reports that the average annual payment to Americans, as of 2025, is currently \$21,456.44 per recipient. As inflation and cost of living increase, VA disability compensation increases. This means that the very requirement to qualify for the tax exemption counts against almost two-thirds (67%) of a Veteran's ability to qualify for the low-income exemption.

A notable example involves a disabled Veteran with a spouse, both receiving Social Security and receiving **no other income** from retirement, life insurance, unemployment, gifts, interest, savings, rentals, or investments, would not qualify because their combined income would exceed \$76k a year.

PROPOSAL

SB-888 seeks to remove the counterproductive inclusion of disability compensation from the calculation of the Low-Income Exclusion of the Disabled Veterans' Property Tax Exemption, as Veterans must receive that compensation in order to qualify for the tax exemption in the first place. Families surviving on only Social Security and disability pay should qualify for the low-income exclusion.

FOR MORE INFORMATION

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