



JIM DESMOND
SUPERVISOR, FIFTH DISTRICT
SAN DIEGO COUNTY BOARD OF SUPERVISORS

AGENDA ITEM

DATE: August 26, 2025

TO: Board of Supervisors

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SUBJECT:

**EXPANDING TAX RELIEF FOR VETERANS AND MILITARY FAMILIES BY
SUPPORTING AB 53 AND SB 623 (DISTRICTS: ALL)**

OVERVIEW

Assembly Bill 53 (AB 53) and Senate Bill 623 (SB 623), authored by Assemblymember James Ramos and Senator Bob Archuleta respectively, are important legislative proposals designed to provide targeted financial relief to veterans and their families. These bills recognize the unique sacrifices and contributions made by members of the military and aim to ease their tax burdens in two key areas: income and property.

Veterans often face distinct financial challenges, including the high cost of living and housing expenses, which can create additional hardships after their service. San Diego County is home to a large and active veteran community and supporting those who have served is vital to the region's social and economic well-being. It is in the County's best interest to ensure that veterans are able to live, work, and retire in San Diego. Currently, California is one of only five states that treat military retirement pay like ordinary income and tax it fully.

AB 53 seeks to exempt up to \$20,000 annually of military retirement pay and Survivor Benefit Plan annuities from state personal income tax for qualified military retirees and surviving spouses. This exemption aims to provide meaningful financial relief, helping veterans maintain economic stability and encouraging them to remain in the region.

In parallel, SB 623 proposes a constitutional amendment that would allow veterans and disabled veterans to claim both the homeowners' exemption and the veterans' or disabled veterans' exemption on the same property. Currently, California law prohibits stacking these exemptions, limiting the property tax relief veterans can receive on their primary residence. If approved by voters in the 2026 statewide general election, this amendment would enable qualified veterans to significantly reduce their property tax bills, easing housing cost burdens.

Together, these bills demonstrate a comprehensive approach to honoring veterans through tax policies that address both income and property tax relief. They underscore San Diego County's commitment to supporting veterans' financial security and promoting affordable homeownership.

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Today's action seeks to add the County of San Diego's support to these bills, reaffirming the region's dedication to recognizing the sacrifices of veterans and enhancing their quality of life.

RECOMMENDATION

SUPERVISOR JIM DESMOND

Direct the Chief Administrative Officer to express the County's support for Assembly Bill 53 and Senate Bill 623, consistent with Board Policy M-2.

EQUITY IMPACT STATEMENT

Veterans often face distinct challenges, including the high cost of living and housing expenses, which can create hardships after service. AB 53 and SB 623 aim to reduce tax burdens that disproportionately impact military retirees and disabled veterans, many of whom live on fixed incomes or face increased costs related to disabilities. These measures promote equity by providing meaningful financial relief and improving access to affordable housing for veterans in San Diego County.

SUSTAINABILITY IMPACT STATEMENT

Supporting AB 53 and SB 623 aligns with the County of San Diego's sustainability goals by promoting long-term financial stability, housing affordability, and community inclusion for veterans and their families. By reducing tax burdens that disproportionately affect those living on fixed incomes, these measures help build a more resilient, equitable, and veteran friendly region that values service and fosters a sustainable quality of life for the veteran community.

FISCAL IMPACT

There is no fiscal impact associated with these recommendations. There will be no change in net General Fund cost and no additional staff years.

BUSINESS IMPACT STATEMENT

N/A

ADVISORY BOARD STATEMENT

N/A

BACKGROUND

San Diego County is home to one of the largest veteran populations in the nation, with over 230,000 former service members living in the region. These individuals, many of whom are retired military personnel, continue to play a vital role in the local economy and civic life. However, they often face unique financial challenges, particularly the high cost of living and housing expenses, which can be difficult to manage on fixed retirement incomes or while transitioning to civilian employment.

In response to these challenges, the California State Legislature has introduced two key measures, Assembly Bill 53 (AB 53) and Assembly Bill 623 (SB 623), authored by Assemblymember James Ramos and Senator Bob Archuleta respectively, both of which aim to deliver targeted tax relief to

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veterans and their families. These bills seek to recognize the contributions of veterans through changes to income and property tax policies that directly impact their financial well-being.

AB 53 proposes a temporary exclusion from gross income for military retirement pay and Survivor Benefit Plan annuities received from the federal government. Specifically for tax years beginning on or after January 1, 2025, and before January 1, 2030, the bill would exempt up to \$20,000 per year in retirement or annuity income from California personal income tax for eligible individuals. This benefit would apply to single taxpayers with an adjusted gross income of up to \$125,000 and married couples filing jointly with an adjusted gross income of up to \$250,000. California remains one of the few states that taxes military retirement pay, a policy that has contributed to veterans relocating to more tax-friendly states. AB 53 seeks to address this disparity by providing targeted relief that supports veterans' financial stability and affirms the state's commitment to honoring military service. The bill has received strong bipartisan support in the Legislature and aligns with broader efforts to retain and support our veteran population.

SB 623 complements these efforts by initiating a constitutional amendment that would allow veterans and disabled veterans to claim both the homeowners' exemption and the veterans' or disabled veterans' exemption on their primary residence. Under current law, these exemptions cannot be combined, limiting the amount of property tax relief available to qualifying individuals. If approved by voters in the November 2026 statewide general election, the change would take effect on January 1, 2027, and would enable eligible veterans' homeowners to receive a more substantial reduction in their property tax liability. This proposal is intended to ease the financial strain of housing costs and support long-term homeownership stability for those who have served. By removing an outdated restriction, SB 623 recognizes the continued contributions of veterans and helps ensure they are supported in achieving economic security.

Together AB 53 and SB 623 represent a coordinated legislative effort to support California's veteran population through policies that reduce tax burdens and promote financial resilience. These measures are particularly significant for San Diego County, where veterans constitute a vital part of the community and where the cost of living continues to create barriers to financial security for many. By advancing these proposals, the Legislature seeks to reaffirm its commitment to honoring veterans with practical and impactful financial support.

LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

The requested action supports the County's 2025-2030 Strategic Plan Initiatives of Sustainability (Economy), Equity (Health, Housing, Economic Opportunity) and Community (Well-being), by reducing tax burdens on veterans and military families, promoting long-term housing affordability, and supporting financial stability for those who have served.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jim Desmond", written in a cursive style.

JIM DESMOND

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Supervisor, Fifth District

ATTACHMENT(S)

N/A