

Vice-Chair
Voepel, Randy

California State Assembly

Chief Consultant
Christian Burkin

MILITARY AND VETERANS AFFAIRS

Committee Secretary
Jenny Callison

Members
Boerner Horvath, Tasha
Daly, Tom
Mathis, Devon J.
Muratsuchi, Al
Petrie-Norris, Cottie
Salas, Jr., Rudy
Smith, Thurston "Smitty"



1020 N Street , Room 389
(916) 319-3550
FAX: (916) 319-3551

JAMES RAMOS
CHAIR

AGENDA

Tuesday, June 28, 2022
4 p.m. -- State Capitol, Room 126

HEARD IN FILE ORDER

- | | | | |
|----|----------|-----------|--|
| 1. | SB 43 | Umberg | Veterans cemetery: County of Orange. |
| 2. | SB 984* | Archuleta | Military service: leave of absence: pay and benefits. |
| 3. | SB 1237* | Newman | Licenses: military service. |
| 4. | SB 1311 | Eggman | Veterans: protections. |
| 5. | SB 1357* | Archuleta | Property taxation: exemption: disabled veteran homeowners.(Tax Levy) |

*Proposed Consent

COVID FOOTER

We encourage the public to provide written testimony before the hearing by visiting the committee website at www.amva.assembly.ca.gov. Please note that any written testimony submitted to the committee is considered public comment and may be read into the record or reprinted. All are encouraged to watch the hearing from its live stream on the Assembly's website at <https://www.assembly.ca.gov/todaysevents>.

The hearing room will be open for attendance of this hearing. Any member of the public attending a hearing is encouraged to wear a mask at all times while in the building. The public may also participate in this hearing by telephone. We encourage the public to monitor the committee's website for updates.

Date of Hearing: June 28, 2022

ASSEMBLY COMMITTEE ON MILITARY AND VETERANS AFFAIRS

James Ramos, Chair

SB 43 (Umberg) – As Amended May 3, 2022

SENATE VOTE: 38-0

SUBJECT: Veterans cemetery: County of Orange

SUMMARY: This bill deletes specified sites for the location of the Southern California Veterans Cemetery, and other requirements, and instead requires the California Department of Veterans Affairs (CalVet) to acquire, study, design, develop, construct, and equip a state-owned and state-operated Southern California Veterans Cemetery in the County of Orange, and creates a fund. Specifically, **this bill:**

- 1) Removes the requirement that the Southern California Veterans Cemetery be located at either the former MCAS-El Toro or at the ARDA site in the Orange County Great Park in the City of Irvine;
- 2) Deletes language requiring CalVet, upon completion of acquisition studies of both sites, consult with the Department of General Services (DGS) to determine which site to pursue based on the economic feasibility, benefits to veterans and City of Irvine residents, and availability of each location;
- 3) Requires the Southern California Veterans Cemetery to be located in the County of Orange.
- 4) Requires that for a site to be eligible for location of the cemetery, it must have been studied by CalVet and the Department of General Services.
- 5) Creates within the State Treasury the Southern California Veterans Cemetery Study Donation Fund.
- 6) Provides that any local governmental entity or private organization in the County of Orange may donate moneys to the fund for the purpose of funding a study, as specified.
- 7) Continuously appropriates money in the fund to CalVet for studies, as specified.
- 8) Requires that upon receipt of sufficient moneys to complete a study, CalVet must study the feasibility of the Gypsum Canyon site in Anaheim for the purpose of establishing a Southern California Veterans Cemetery, as specified.
- 9) Requires that upon completion of the study, any excess funds must be returned to the donor.
- 10) Requires that any study conducted pursuant to this paragraph must include, but not be limited to, an analysis of cost, legal, logistical, environmental, and fire hazard factors in the evaluation of the site, and an analysis of whether the proposed site meets the basic federal requirements for a federally recognized veterans cemetery.

EXISTING LAW:

- 1) Authorizes CalVet, in voluntary cooperation with local government entities in the County of Orange, to acquire, study, design, develop, construct, and equip a state-owned and state-operated Southern California Veterans Cemetery located at either the site of the former Marine Corps Air Station (MCAS) El Toro, on 125 acres known as the Amended and Restated Development Agreement (ARDA) Site in the Orange County Great Park in the City of Irvine or at the approximately 100 acres known as the Golf Course Site in the Orange County Great Park in the City of Irvine.
- 2) Requires that CalVet to, after completing acquisition studies on both sites, consult with the Department of General Services (DGS) to determine which site to pursue based on the economic feasibility, benefits to veterans and City of Irvine residents, and availability of each location.
- 3) Requires that CalVet oversee and coordinate the acquisition, study, design, development, and construction of the cemetery.
- 4) Allows honorably discharged veterans, their spouses, and dependent children eligible for interment in the cemetery, as specified in Title 38 U.S. Code § 2402.
- 5) In addition, federal law:
 - a) Authorizes the Secretary of Veterans Affairs, Department of Veterans Affairs (VA), to make a grant to any state for the purpose of establishing, expanding, or improving a veterans' cemetery owned by the state and operating and maintaining a veterans' cemetery;
 - b) Requires the title to the site is or will be vested solely in the State or held in trust for the Tribal Organization on trust land;
 - c) Requires the State or Tribal Organization to submit a copy of the State or Tribal Organization action authorizing the establishment, maintenance, and operation of the facility as a veterans cemetery. If the State or Tribal Organization action is based on legislation, enacted into law, then the legislation must be submitted.

FISCAL EFFECT: This bill has not been analyzed in a fiscal committee.

COMMENTS: According to the author, "Orange County has a long and distinguished history of military service, and other Orange County veterans deserve a cemetery to honor their services and sacrifices. In order to achieve these goals, SB 43 will clarify that the site will be constructed in either the City of Irvine or Anaheim and provides a way to study and fund promising site locations."

Veterans Affairs State Cemetery Grants Program.

There are nine national veterans cemeteries in California. The nearest national veterans cemetery to Orange County is the Riverside Veterans Cemetery. Orange County has been identified as the state's largest county without a veteran cemetery, despite the fact that Orange County is home to Army, Navy and Marine bases, and an estimated 104,949 veterans.

Recognizing that the national cemetery system leaves certain areas underserved, the federal Veterans' Affairs (VA's) Cemetery Grants Program was established in 1978 to help create state-owned and state-operated veterans cemeteries. The federal government will pay all construction costs to build the cemetery provided the state commits to paying all ongoing maintenance costs. This method was used successfully to construct the Northern California Veterans Cemetery near Redding in November 2005 and the California Central Coast Veterans County near Monterey in 2016.

The administrative, oversight and operational costs are offset by a federal plot allowance paid to the state for the burial of veterans by the VA and the dependent fees charged by the state. The percentage of those costs depends on the type of cemetery operation.

Under the Grants Program, the federal government will reimburse up to 100% of the cost of establishing, expanding or improving state veterans' cemeteries, including the acquisition of initial operating equipment. The VA will not pay any off-site costs, land purchases, demolition costs or state employee costs which the Department of General Services may charge. In addition, the VA will not transfer any federal grant money to the state without all of the funds for construction being secured and encumbered (in a state account). Funding can come from the state through appropriation, local government, private donors, or any combination of these sources. Without full funding, the project will not advance.

Once full funding is secured, the state moves up on the VA's priority grant list and receives VA funding (up to \$10 million) by way of reimbursement and installments that are consistent with the progress of the project, if available. In determining whether sufficient funds are available, VA considers the project's priority ranking, the total amount of funds available for cemetery grant awards during the applicable fiscal year, and the prospects of higher ranking projects being ready for the award of a grant before the end of the applicable fiscal year. The Southern California Veterans Cemetery is currently number 65 (of 100) on the VA's FY22 Priority- Pre Application Grant list. It is unclear to what extent the failure to commit to the Irvine sites will affect grant awards. The list was last dated September 2021, three months after the City Council of Irvine elected not to transfer MCAS property to the state for the cemetery's construction.

Cemeteries established under the grant program must conform to the standards and guidelines pertaining to site selection, planning and construction prescribed by VA. Cemeteries must be operated solely for the burial of service members who die on active duty, veterans, and their eligible spouses and dependent children.

Southern California Veterans Cemetery.

The City of Irvine resolved on July 22, 2014, to designate the former MCAS El Toro – ARDA as the location for the Southern California Veterans Cemetery. Assembly Bill 1453 (Quirk-Silva, Chapter 646, Statutes of 2014) codified the City's designation and mandated the construction and operation in the City of Irvine of a veterans cemetery to serve the region. That plan stalled due to cost concerns regarding environmental clean-up and demolition of existing buildings to begin the initial phase of construction (approximately \$77 million in 2016). In June 2017, the Irvine City Council rescinded the ARDA site and identified the Bake Parkway/Strawberry Fields. State law was then amended to specify the Bake Parkway/Strawberry Fields site (SB 96, Chapter 28, Statutes of 2017), but local voters rejected the site in a special election held on June 2018.

Over the last few years, two competing sites have been proposed for a cemetery project, the ARDA and Golf Course site, at the Great Park. Both are located in the former MCAS El Toro, and both have different parties who support each. On August 2, 2018, Irvine City staff were directed to study both sites. The study concluded that the Golf Course site would require approximately \$59 million and the ARDA site would require approximately \$91 million (based on updated 2018 state study) to remediate and begin construction.

On July 23, 2019, the Irvine City Council and the Orange County Great Park Board voted to begin steps to offer the “Golf Course” site to the State of California. In order to allow the state move forward with the City Council’s decision, AB 368 (Quirk-Silva, Chapter 284, Statutes of 2019) required the Southern California Veterans Cemetery be located at either ARDA or the Golf Course site in the City of Irvine. The bill also required that CalVet and DGS complete acquisition studies of both sites and offer a recommendation on which site to pursue.

On April 19, 2020, an initiative to “Build the Great Park Veterans Cemetery” gathered enough signatures to appear in the November 2020 ballot. The initiative rezoned the original ARDA site exclusively for a Veterans Cemetery. On May 12, 2020, the Irvine City Council voted to adopt the initiative. On June 23, 2020, the Irvine City Council failed to approve a motion to begin the negotiation for transfer of the ARDA site to CalVet, opting to wait for the results of the site studies to make the most informed decision. On March 23, 2021, the Council requested a presentation by CalVet on the process and timeline of the studies conducted on the veterans cemetery.

CalVet published the site studies in early June of 2021, estimating the total cost to develop and build at the ARDA site at about \$95 million and at the Golf Course site at about \$60 million. At a subsequent City Council meeting on June 23, the council took no action on site selection.

Committee comment.

This bill as written creates a persistent fund within the State Treasury to pay for a study of precisely one site, the location known as “Gypsum Canyon” in Anaheim. It also requires that CalVet study the Gypsum Canyon site whenever the fund has sufficient money to do so.

Prior legislation.

AB 1453 (Quirk-Silva, 2014, Chaptered.) Required the California Department of Veterans Affairs (department), in voluntary cooperation with local government entities in Orange County, to design, develop, construct, and equip a state-owned and state-operated Southern California Veterans Cemetery (Cemetery) to be located at the former Marine Corps Air Station El Toro, on 125 acres known as the Amended and Restated Development Agreement Site in the Great Park in the City of Irvine, among other provisions.

SB 96 (Senate Committee on Budget and Fiscal Review, 2017, Chaptered.) A budget trailer bill, it included an amendment to Military and Veterans Code Section 1410 that changed the site specified from the former Marine Corps Air Station El Toro to the 125-acre “Bake Parkway site.”

Current legislation.

AB 1595 (Quirk-Silva) makes any location within the County of Orange eligible for construction of a Southern California Veterans Cemetery, requires the California Department of Veterans Affairs (CalVet) to study the feasibility and costs associated with such construction, and states the intent of the Legislature to appropriate funds from the Southern California Master Development Fund, not to exceed \$700,000, to pay for the acquisition study. Passed from this committee and is to be heard in Senate Military and Veterans Affairs on June 28.

REGISTERED SUPPORT / OPPOSITION:

Support

California Professional Firefighters

Opposition

None.

Analysis Prepared by: Christian Burkin / M. & V.A. / (916) 319-3550

AMENDED IN ASSEMBLY MAY 3, 2022
AMENDED IN ASSEMBLY JANUARY 6, 2022
AMENDED IN SENATE APRIL 29, 2021
AMENDED IN SENATE APRIL 19, 2021
AMENDED IN SENATE MARCH 10, 2021
AMENDED IN SENATE FEBRUARY 2, 2021

SENATE BILL

No. 43

Introduced by Senator Umberg
(Principal coauthor: Assembly Member Daly)

December 7, 2020

An act to amend Sections 1410 and 1412 of the Military and Veterans Code, relating to veterans, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 43, as amended, Umberg. Veterans cemetery: County of Orange. Existing law requires the Department of Veterans Affairs to acquire, study, design, develop, construct, and equip a state-owned and state-operated Southern California Veterans Cemetery in the County of Orange at one of 2 possible sites, as specified. Existing law requires the department to, after completing acquisition studies on both sites, consult with the Department of General Services to determine which site to pursue based on the economic feasibility, benefits to veterans and City of Irvine residents, and availability of each location. Existing law makes honorably discharged veterans, their spouses, and dependent children eligible for interment in the cemetery, as specified.

This bill would delete those site selection requirements and would instead require the department to acquire, study, design, develop, construct, and equip a state-owned and state-operated Southern California Veterans Cemetery in the ~~City of Irvine, or in the City of Anaheim, as specified.~~ *County of Orange. The bill would require a site selected for these purposes to have been studied by the Department of Veterans Affairs and the Department of General Services.*

The bill would additionally create the Southern California Veterans Cemetery Study Donation Fund, and would authorize any local governmental entity or private organization in the County of Orange to donate to the fund. The bill would require the department, upon receipt of sufficient donations, to conduct a study of the feasibility of ~~a site requested by a donor~~ *the Gypsum Canyon site in Anaheim* for the purpose of establishing a Southern California Veterans Cemetery, as specified. The bill would continuously appropriate moneys in the fund to the department for these purposes.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
 State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1410 of the Military and Veterans Code
 2 is amended to read:
 3 1410. (a) (1) Pursuant to Section 1412, the department, in
 4 voluntary cooperation with local government entities in the County
 5 of Orange, shall acquire, study, design, develop, construct, and
 6 equip a state-owned and state-operated Southern California
 7 Veterans Cemetery, which shall be located in the ~~City of Irvine,~~
 8 ~~in accordance with the city’s enacted laws and ordinances, or in~~
 9 ~~the City of Anaheim, in accordance with the city’s enacted laws~~
 10 ~~and ordinances, as determined by the department.~~ *County of*
 11 *Orange. To qualify for this paragraph, a site shall have been*
 12 *studied by the department and the Department of General Services.*
 13 (2) The department shall oversee and coordinate the acquisition,
 14 study, design, development, and construction of the cemetery.
 15 (3) For purposes of this chapter, “department” shall mean the
 16 Department of Veterans Affairs.
 17 (b) (1) Subject to the eligibility requirements described in
 18 Section 2402 of Title 38 of the United States Code, as it may be
 19 amended, honorably discharged veterans and their spouses and

1 eligible dependent children are eligible for interment in the
2 cemetery. The department shall establish a fee to be charged for
3 interment of veteran spouses and eligible dependent children. The
4 amount of the fee shall not exceed the reasonable costs to the
5 department for interment in the cemetery.

6 (2) Subject to Section 1418, for the purposes of this subdivision,
7 the department shall adopt regulations to specify the eligibility
8 requirements for interment in the cemetery.

9 (3) All fees received pursuant to paragraph (1) shall be deposited
10 in the Southern California Veterans Cemetery Perpetual
11 Maintenance Fund created pursuant to Section 1412.

12 SEC. 2. Section 1412 of the Military and Veterans Code is
13 amended to read:

14 1412. (a) For the purposes of Section 1410, all local
15 government entities in the County of Orange may join together
16 for the purpose of cooperating with the department in the design,
17 development, construction, and equipment of the cemetery.

18 (b) (1) All moneys received for the acquisition, study, design,
19 development, construction, and equipment of the cemetery shall
20 be deposited in the Southern California Veterans Cemetery Master
21 Development Fund, which is hereby created in the State Treasury.
22 Expenditure of those moneys shall be subject to appropriation by
23 the Legislature in the annual Budget Act. Moneys appropriated by
24 the Legislature for these purposes shall also be deposited in the
25 fund.

26 (2) There is hereby created in the State Treasury the Southern
27 California Veterans Cemetery Study Donation Fund.
28 Notwithstanding paragraph (1), any local governmental entity or
29 private organization in the County of Orange may donate moneys
30 to the fund for the purpose of funding a study as described in
31 paragraph (3). Moneys in the fund are continuously appropriated
32 to the department for studies consistent with paragraph (3).

33 (3) Upon receipt of sufficient moneys to complete a study, the
34 department shall study the feasibility of ~~a site requested by a donor~~
35 *the Gypsum Canyon site in Anaheim* for the purpose of establishing
36 a Southern California Veterans Cemetery, as described in
37 subdivision (a) of Section 1410. Upon completion of the study,
38 any excess funds shall be returned to the donor. Any study
39 conducted pursuant to this paragraph shall include, but not be
40 limited to, an analysis of cost, legal, logistical, environmental, and

1 fire hazard factors in the evaluation of the site, and an analysis of
2 whether the proposed site meets the basic federal requirements for
3 a federally recognized veterans cemetery.

4 (c) (1) Except as otherwise provided in Section 1416, all
5 moneys received for the operation and maintenance of the
6 cemetery, including moneys received pursuant to subdivision (b)
7 of Section 1410, shall be deposited in the Southern California
8 Veterans Cemetery Perpetual Maintenance Fund, which is hereby
9 created in the State Treasury. Expenditure of those moneys shall
10 be subject to appropriation by the Legislature in the annual Budget
11 Act.

12 (2) It is the intent of the Legislature to appropriate funds in the
13 annual Budget Act to fund annual cemetery operations and
14 maintenance and to enact any additional legislation that may be
15 necessary to set dollar limits on funding for those operations and
16 that maintenance.

Date of Hearing: June 28, 2022

ASSEMBLY COMMITTEE ON MILITARY AND VETERANS AFFAIRS

James Ramos, Chair

SB 984 (Archuleta) – As Introduced February 14, 2022

SENATE VOTE: 39-0

SUBJECT: Military service: leave of absence: pay and benefits

SUMMARY: Allows state employees, who are members of the California National Guard or a United States military reserve organization, to use their 30 days of paid military leave for periods of inactive duty training (IDT) or “drills.” Specifically, **this bill:**

- 1) Repeals provisions that require the granting of military leave of absence without pay, as provided by federal law; those that allow state employees to elect to use vacation or accumulated compensatory time off as members of reserve military units and the National Guard who are required to attend scheduled reserve drill periods or other inactive duty reserve obligations; and, provisions that grant deference to a memorandum of understanding (MOU) under the Ralph C. Dills Act, if existing law conflicts MOU provisions.
- 2) Amends existing law regarding short-term and emergency leaves where a state employee, as described, must be entitled to receive their salary or compensation while going to, engaging in, and returning from, active duty by removing the exclusion of those who are not on active duty (thereby, including them), and adding the National Guard.
- 3) Makes other technical changes for these purposes.

EXISTING LAW:

- 1) Allows any public employee who is on temporary military leave of absence for military duty ordered for purposes of active military training, inactive duty training, encampment, naval cruises, special exercises, or like activity as such member, provided that the period of ordered duty does not exceed 180 calendar days including time involved in going to and returning from the duty, is entitled to receive their salary or compensation as a public employee for the first 30 calendar days of any such absence. (MVC §395.01)
- 2) Grants military leave of absence without pay to state employee members of military reserve or National Guard units to attend scheduled reserve drill periods or perform other inactive duty reserve obligations and permits those employee members to use vacation time or accumulated compensatory time off for the leave of absence. (GOV §19774)
- 3) Requires the state to pay an employee on an active duty military leave of absence, as specified, the employee’s salary or compensation for the first 30 calendar days of active duty served during the absence. (GOV §19775 et seq.)

FISCAL EFFECT: According to the Senate Committee on Appropriations: This bill would have an unknown annual fiscal impact, as no state entity collects the requisite salary data (for employees across all departments who serve in the National Guard) needed to develop an estimate. The Military Department estimates that there are 2,000 members of the National Guard

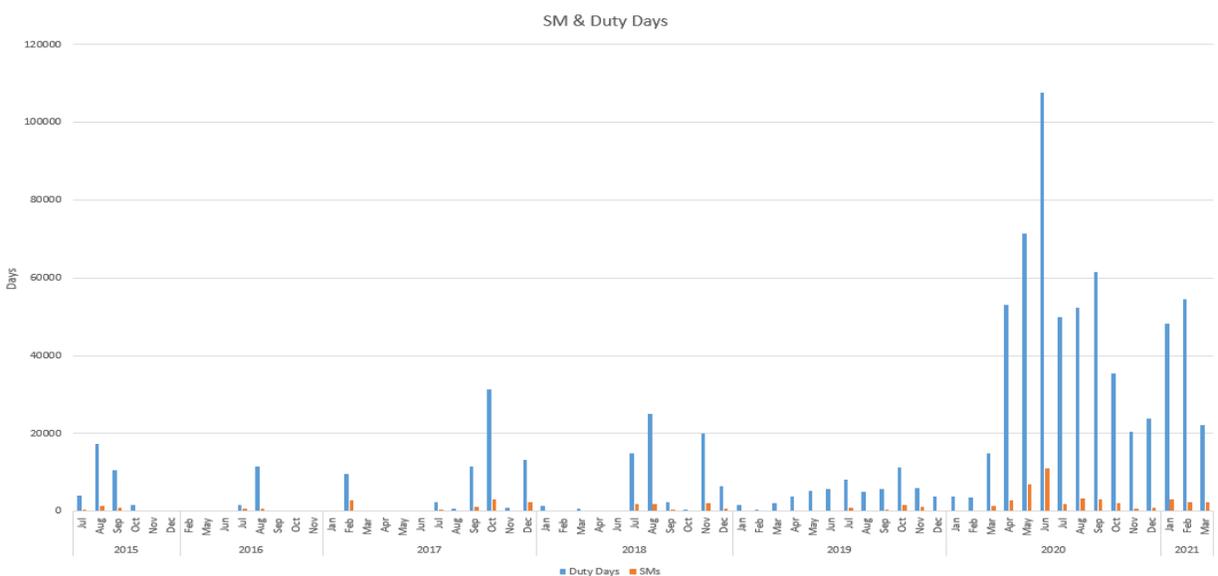
that work for the State. Assuming an average annual state employee salary of \$70,000, every week paid by the State would amount to \$2.7 million (General Fund and various special funds). Administrative costs to the affected state departments would likely be minor.

COMMENTS:

The National Guard and Reserve members have traditionally conducted military IDT or “drills”, one weekend per month and Annual Training (AT) for two weeks per year. These training days prepare Service Members and their equipment to accomplish federal (warfighting) and/or state (emergency response) missions.

Prior to 2015, the state rarely required the California National Guard to deploy for large emergency response missions, conducting only one (1) large deployment every few years. This low operational tempo allowed Soldiers and Airmen to drill on weekends and didn’t impact their civilian work schedules.

Since 2015, state emergency response missions that require large numbers of National Guard troops have increased sharply. Now several thousand Soldiers and Airmen can deploy several times per year for different emergencies. The chart below shows the increasing number of total duty days required by California and the corresponding numbers of Service members (SMs) deployed each month between 2015, the start of the ramp up in deployments, and now.



Due to a significant increase in days that members of the National Guard are required by California to deploy for state emergencies, especially those during fire season (June – December), the California Military Department must combine IDT events quarterly, versus drilling one weekend per month. For instance, a National Guard unit might drill for one entire week in February and again for one entire week in April to make up for six months of weekend drills that occur during fire season. This new training schedule is necessary to allow Soldiers and Airmen to accomplish their federal training requirements and still be available for state emergencies.

REGISTERED SUPPORT / OPPOSITION:

Support

California Enlisted Association of the National Guard of the United States (Sponsor)

Opposition

None on File.

Analysis Prepared by: Jenny Callison / M. & V.A. / (916) 319-3550

Introduced by Senator ArchuletaFebruary 14, 2022

An act to amend Section 19775.1 of, and to repeal Section 19774 of, the Government Code, relating to military service.

LEGISLATIVE COUNSEL'S DIGEST

SB 984, as introduced, Archuleta. Military service: leave of absence: pay and benefits.

Existing law specifies that employee members of reserve military units and the National Guard required to attend scheduled reserve drill periods or perform other inactive duty reserve obligations shall be granted military leave of absence without pay as provided by federal law, as specified.

This bill would repeal those provisions.

Existing law specifies that an employee who is granted a short-term military leave of absence for active military duty, but not for inactive duty, including scheduled reserve drill periods, and who for a period of not less than one year immediately before the effective date of active duty has had continuous state service that is not broken by a permanent separation, or who has had continuous state service immediately before the effective date of active duty not broken by a permanent separation and sufficient recognized military service to equal one year, shall be entitled to receive their salary or compensation for the first 30 calendar days of active duty served during the absence.

This bill would also entitle an employee to receive that compensation for short-term military leave of absence for National Guard drill periods.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19774 of the Government Code is
2 repealed.

3 ~~19774. (a) Employee members of reserve military units and~~
4 ~~the National Guard required to attend scheduled reserve drill~~
5 ~~periods or perform other inactive duty reserve obligations shall be~~
6 ~~granted military leave of absence without pay as provided by~~
7 ~~federal law.~~

8 ~~(b) Notwithstanding subdivision (a) or any other provision of~~
9 ~~law, employee members may, at their option, elect to use vacation~~
10 ~~time or accumulated compensatory time off to attend scheduled~~
11 ~~reserve drill periods or perform other inactive duty reserve~~
12 ~~obligations.~~

13 ~~(c) If the provisions of this section are in conflict with the~~
14 ~~provisions of a memorandum of understanding reached pursuant~~
15 ~~to Section 3517.5, the memorandum of understanding shall be~~
16 ~~controlling without further legislative action, except that if the~~
17 ~~provisions of a memorandum of understanding require the~~
18 ~~expenditure of funds, the provisions may not become effective~~
19 ~~unless approved by the Legislature in the annual Budget Act.~~

20 SEC. 2. Section 19775.1 of the Government Code is amended
21 to read:

22 19775.1. ~~An~~

23 ~~(a) An~~ employee who is granted a short-term military leave of
24 absence for active military duty, ~~but not for inactive duty,~~
25 including, but not limited to, scheduled reserve *and National Guard*
26 drill periods, and who for a period of not less than one year
27 immediately ~~prior to before~~ the effective date of active duty has
28 had continuous state service as defined by rule that is not broken
29 by a permanent separation, or who has had continuous state service
30 immediately ~~prior to before~~ the effective date of active duty not
31 broken by a permanent separation and sufficient recognized
32 military service that need not be contiguous to equal one ~~year~~ year;
33 shall be entitled to receive ~~his or her~~ *their* salary or compensation
34 for the first 30 calendar days of active duty served during the
35 absence.

36 ~~An~~

37 ~~(b) An~~ employee who is granted emergency military leave under
38 Section 19773, shall receive ~~his or her~~ *their* salary or compensation

1 as a state employee while going to, engaging in, and returning
2 from the duty. The employee shall not receive ~~his or her~~ *their*
3 salary or compensation for more than 30 days each time ~~he or she~~
4 *is they are* granted the emergency military leave.

O

Date of Hearing: June 28, 2022

ASSEMBLY COMMITTEE ON MILITARY AND VETERANS AFFAIRS

James Ramos, Chair

SB 1237 (Newman) – As Amended March 30, 2022

SENATE VOTE: 35-0

SUBJECT: Licenses: military service

SUMMARY: Clarifies the definition of “active duty” for purposes of an individual called to active duty as a member of the United States Armed Forces or the California National Guard to be eligible for a waiver of renewal fees, continuing education requirements, and other renewal requirements of a board within the Department of Consumer Affairs (DCA). Specifically, **this bill:** Specifies the phrase “called to active duty” shall have the same meaning as “active duty” as defined in Section 101 of Title 10 of the United States Code and shall additionally include individuals who are on active duty in the California National Guard pursuant to Sections 143 and 146 of the Military and Veterans Code.

EXISTING LAW:

- 1) Defines “active duty” as full-time duty in the active military service of the United States, including full-time training duty, annual training duty, and attendance, while in the active military service, at a school designated as a service school by law or by the Secretary of the military department concerned, but does not include full-time National Guard duty. (Title 10 United States Code § 101(d)(1))
- 2) Establishes the DCA within the Business, Consumer Services, and Housing Agency. (Business and Professions Code (BPC § 100)
- 3) Provides for the licensure and regulation of various professions and vocations by boards, bureaus, and other entities within the DCA. (BPC §§ 22, 100-144.5)
- 4) Requires every board within the DCA, to waive the renewal fees, continuing education requirements, and other renewal requirements as determined by a board, if any are applicable, for any licensee or registrant called to active duty as a member of the United States Armed Forces or the California National Guard if all of the following requirements are met:
 - a) The licensee or registrant possessed a current and valid license with the board at the time the licensee was called to active duty;
 - b) The renewal requirements are waived only for the period during which the licensee or registrant is on active duty service; and,
 - c) Written documentation that substantiates the licensee or registrant’s active duty service is provided to the board. (BPC § 114.3(a))
- 5) Requires each board to inquire in every application for licensure if the individual applying for licensure is serving in, or has previously served in the military; and, if the board’s governing law authorizes veterans to apply military experience and training towards

licensure requirements, that board post information on the boards website about the ability of veteran applicants to apply military experience and training towards licensure requirements. (BPC § 114.5)

- 6) Requires a board within the DCA to expedite the licensure process and waive the licensure application fee and the initial or original license fee charged by the board for an applicant who meets both of the following requirements:
 - a) Supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders and,
 - b) Holds a current license in another state, district, or territory of the United States in the profession or vocation for which the applicant seeks a license from the board. (BPC § 115.5(a))
- 7) Requires on or after July 1, 2016, a board within the DCA to expedite, and may assist, the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the Armed Forces of the United States and was honorably discharged. (BPC § 115.4)
- 8) Requires a board within the DCA to issue, after appropriate investigation, temporary licenses to an applicant if the applicant meets specified requirements, including that the applicant supplies evidence satisfactory to the board that the applicant is married to, or in a domestic partnership or other legal union with, an active duty member of the Armed Forces of the United States who is assigned to a duty station in this state under official active duty military orders and the applicant holds a current, active, and unrestricted license that confers upon the applicant the authority to practice, in another state, district, or territory of the United States, the profession or vocation for which the applicant seeks a temporary license from the board. (BPC § 115.6)

FISCAL EFFECT: This bill has not been analyzed in a fiscal committee. Keyed fiscal, the bill was reported from the Senate Committee on Appropriations pursuant to Senate Rule 28.8.

COMMENTS:

In California, many professions require a license to legally practice. While active-duty members of the United States Armed Forces may practice on federal property with a license from any state, a member who chooses to stay in this state after active duty, or a spouse or partner that moves to this state with an active duty member due to military orders, may be required to apply for a new license, even if they are licensed in a different state. Conversely, a licensee who is called to active duty for duties that do not require a license would need to maintain or reapply for their license to practice upon their return.

Applying for and maintaining a license is expensive and burdensome, and military families tend to be more heavily impacted, often having little choice in when they must move. AB 1588 (Atkins, Chapter 742, Statutes of 2012) authorized DCA entities to provide waivers from professional license renewal fees and continuing education requirements for active duty members of the United States Armed Forces. The waivers do not apply to entities that have a

similar statutorily authorized renewal waiver process for military personnel. A 2013 memo issued by DCA designed to assist programs in implementing AB 1588 led to further ambiguity. The narrow interpretation caused confusion and resulted in unintended consequences, denying military personnel the opportunity to take advantage of waivers if their active duty is longer than a specified timeframe, even as they remain called to active duty.

According to the author, this bill “expands eligibility to the DCA license fee waiver program for licensees or registrants called to active duty as a member of the United States Armed Forces or the California National Guard by clarifying the basis upon which all thirty-eight licensing boards and bureaus under the jurisdiction of the DCA must administer the program. By codifying a uniform definition of the term ‘called to active duty,’ [this bill] intends to open this program to all licenses or registrants serving in an active duty status, regardless of the duration of their active duty assignment. This legislation is necessary due to the DCA determination that ‘called to active duty’ includes licensees in all branches of the United States Armed Forces who, on a temporary basis, travel to remote locations to engage in activity relating to a war, national emergency, or other military operation.”

REGISTERED SUPPORT / OPPOSITION:

Support

California Optometric Association (sponsor)
American Legion, Department of California
AMVETS, Department of California
Board of Registered Nursing
California Association of County Veterans Service Officers
California State Board of Pharmacy
California State Commanders Veterans Council
Contractors State License Board
County of Monterey
National Vision, Inc.
Northern Chumash Tribal Council
Vietnam Veterans of America, California State Council

Opposition

None on File.

Analysis Prepared by: Jenny Callison / M. & V.A. / (916) 319-3550

AMENDED IN SENATE MARCH 30, 2022

SENATE BILL

No. 1237

Introduced by Senator Newman

February 17, 2022

An act to amend Section 114.3 of the Business and Professions Code, relating to professions and vocations.

LEGISLATIVE COUNSEL'S DIGEST

SB 1237, as amended, Newman. Licenses: military service.

Existing law provides for the regulation of various professions and vocations by boards within the Department of Consumer Affairs and for the licensure or registration of individuals in that regard. Existing law authorizes any licensee or registrant whose license expired while the licensee or registrant was on active duty as a member of the California National Guard or the United States Armed Forces to reinstate the licensee's or registrant's license without examination or penalty if certain requirements are met.

Existing law requires the boards described above, with certain exceptions, to waive the renewal fees, continuing education requirements, and other renewal requirements as determined by the board, if any are applicable, of any licensee or registrant who is called to active duty as a member of the United States Armed Forces or the California National Guard if certain requirements are met. Existing law, except as specified, prohibits a licensee or registrant from engaging in any activities requiring a license while a waiver is in effect.

~~This bill would require the boards to waive the renewal fee of any licensee or registrant who is called to active duty as a member of the United States Armed Forces or the California National Guard if the licensee or registrant is stationed outside of California. *define the phrase*~~

“called to active duty” to include active duty in the United States Armed Forces and on duty in the California National Guard, as specified. This bill would also make nonsubstantive changes to those provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 114.3 of the Business and Professions
2 Code is amended to read:

3 114.3. (a) Notwithstanding any other law, every board, as
4 defined in Section 22, within the department shall waive the
5 renewal fees, continuing education requirements, and other renewal
6 requirements as determined by the board, if any are applicable,
7 for a licensee or registrant called to active duty as a member of
8 the United States Armed Forces or the California National Guard
9 if all of the following requirements are met:

10 (1) The licensee or registrant possessed a current and valid
11 license with the board at the time the licensee or registrant was
12 called to active duty.

13 (2) The renewal requirements are waived only for the period
14 during which the licensee or registrant is on active duty service.

15 (3) Written documentation that substantiates the licensee or
16 registrant’s active duty service is provided to the board.

17 (b) *For purposes of this section, the phrase “called to active
18 duty” shall have the same meaning as “active duty” as defined in
19 Section 101 of Title 10 of the United States Code and shall
20 additionally include individuals who are on active duty in the
21 California National Guard, whether due to proclamation of a state
22 of insurrection pursuant to Section 143 of the Military and Veterans
23 Code or due to a proclamation of a state extreme emergency or
24 when the California National Guard is otherwise on active duty
25 pursuant to Section 146 of the Military and Veterans Code.*

26 ~~(b)~~

27 (c) (1) Except as specified in paragraph (2), the licensee or
28 registrant shall not engage in any activities requiring a license
29 during the period that the waivers provided by this section are in
30 effect.

31 (2) If the licensee or registrant will provide services for which
32 the licensee or registrant is licensed while on active duty, the board

1 shall convert the license status to military active and no private
2 practice of any type shall be permitted.

3 ~~(e)~~

4 (d) In order to engage in any activities for which the licensee
5 or registrant is licensed once discharged from active duty, the
6 licensee or registrant shall meet all necessary renewal requirements
7 as determined by the board within six months from the licensee's
8 or registrant's date of discharge from active duty service.

9 ~~(e)~~

10 (e) After a licensee or registrant receives notice of the licensee
11 or registrant's discharge date, the licensee or registrant shall notify
12 the board of their discharge from active duty within 60 days of
13 receiving their notice of discharge.

14 ~~(e) A board shall waive the renewal fees of a licensee or~~
15 ~~registrant called to active duty as a member of the United States~~
16 ~~Armed Forces or the California National Guard if the licensee or~~
17 ~~registrant is stationed outside of California.~~

18 (f) A board may adopt regulations to carry out the provisions
19 of this section.

20 (g) This section shall not apply to any board that has a similar
21 license renewal waiver process statutorily authorized for that board.

Date of Hearing: June 28, 2022

ASSEMBLY COMMITTEE ON MILITARY AND VETERANS AFFAIRS

James Ramos, Chair

SB 1311 (Eggman) – As Amended June 16, 2022

SENATE VOTE: 38-0

SUBJECT: Veterans: protections

SUMMARY: Strengthens existing consumer protection laws for military servicemembers. Specifically, **this bill:**

- 1) Allows that, for a small claims action, a plaintiff who is a servicemember is not required to personally appear if the servicemember is assigned to a location more than 100 miles from the court where the action is proceeding, or is otherwise unable to personally appear due to the performance of military duty.
- 2) Authorizes the servicemember to appear via video appearance for a small claims action.
- 3) Clarifies that the representative appearing on the servicemember's behalf for a small claims action is serving without compensation other than compensation from the United States or the State of California, and except as to representatives who are employed by the United States or the State of California, the representative has appeared in small claims actions on behalf of others no more than four times during the calendar year.
- 4) Prohibits a person, in connection with any transaction or any sale of goods or services, from electronically accessing a Common Access Cards (CAC) issued to a servicemember, place or require the placement of such a CAC in a smart card reader, request or require entry of the personal identification number (PIN) associated with such a CAC, or require a servicemember to log in to any Department of Defense or, in the case of a member of the Coast Guard, Department of Homeland Security computer system. Voids a transaction or sale entered into in violation of these provisions.
- 5) Prohibits a person from conditioning the receipt of a military or veteran discount, in any form, on the waiver by a recipient of the discount of any right the person has under state or federal law. Any such waiver, and any other waiver of a right provided to servicemembers, former servicemembers, or their dependents by this code, is void.
- 6) Makes a security interest in personal property other than a motor vehicle, off-way vehicle, trailer, vessel, or aircraft void, and unable to be perfected, if it would cause a loan procured by a covered member in the course of purchasing the personal property to be exempt from the requirements of the federal Military Lending Act.
- 7) Makes a security interest in a motor vehicle void, and unable to be perfected, if it would cause a loan procured by a covered member in the course of purchasing the motor vehicle to be exempt from Section 987 of Title 10 of the United States Code, and the loan also funds the purchase of a credit insurance product or credit-related ancillary product.

- 8) Specifies that a lessee can terminate the lease of a motor vehicle if while in a period of military service, the lessee executes the lease and then receives military orders for a change of permanent station location that is more than 100 miles from the prior duty station or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days.
- 9) Specifies that any mortgage payments deferred are due and payable upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, other than a deferral of payments as authorized.
- 10) Deletes provisions of law related to when mortgage payments delayed are due and payable and instead provides that in the case of an obligation payable in installments under a contract for the purchase of real estate, or secured by a mortgage or other instrument in the nature of a mortgage upon real estate, the obligation becomes due upon either of the following:
 - a) The sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, other than a deferment of payments authorized under the Act; or
 - b) Further encumbrance of the property other than for preservation or protection of the property that would cause the obligation to become due and payable under the terms of the contract or other instrument evidencing the obligation.
- 11) Prohibits a foreclosure or repossession of property from taking place during the deferment period unless ordered by a court or agreed to by the parties to the obligation.
- 12) Makes a person who violates a statutory cause of action for unfair competition if the violation is perpetrated against one or more servicemembers or veterans, liable for an additional civil penalty not to exceed \$2,500 for each violation, as provided.

EXISTING LAW:

- 1) Provides, pursuant to the federal Servicemembers Civil Relief Act (SCRA), for the temporary suspension of judicial and administrative proceedings and transactions that may adversely affect the civil rights of servicemembers during their military service in order to enable servicemembers to devote their entire energy to the defense needs of the Nation. (United States Code, Title 50 Section 3902.)
- 2) Provides that the SCRA protections are extended to members of the National Guard and Reserve, from receipt of orders to report for duty to the date that they report, and include a servicemember's family members (such as a spouse or a child). In addition, if a servicemember has provided over half of a person's support for the 180 days immediately preceding an application for relief under the SCRA, that person is considered a dependent also. (United States Code, Title 50 Section 3917.)
- 3) Prohibits, under the Military Lending Act, a creditor from imposing an annual percentage rate of interest greater than 36 percent with respect to a consumer credit card extended to specified servicemembers or their dependents, and prohibits creditors from extending

consumer credit to specified servicemembers or their dependents with specified terms. (United States Code, Title 50 Section 987.)

- 4) Provides that in a small claims action a plaintiff is not required to personally appear, and may submit declarations to serve as evidence in their claim or allow another individual to appear and participate on their behalf, if:
 - a) The plaintiff is serving on active duty in the United States Armed Forces outside this state;
 - b) The plaintiff was assigned to their duty station after their claim arose;
 - c) The assignment is for more than six months;
 - d) The representative is serving without compensation, and
 - e) The representative has appeared in small claims actions on behalf of others no more than four times during the calendar year. (Code of Civil Procedure Section 116.540 (a).)
- 5) Prohibits a person, in connection with the collection of any obligation from a member of the active militia or a member of the active or reserve components of the Armed Forces, from contacting the member's military unit or chain of command without the written consent of the member given after the obligation becomes due and payable. (Military and Veterans Code Section 401 (b).)
- 6) Authorizes a lessee on a lease of a motor vehicle used, or intended to be used, by a servicemember or a servicemember's dependents for personal or business transportation to terminate the lease at any time after the lessee enters into military service or the lessee meets any of the following:
 - a) During the term of the lease, enters a period of military service under a call or order specifying a period of not less than 180 days;
 - b) During the term of the lease, enters a period of military service under a call or order specifying a period of less than 180 days, and then receives orders extending the period of military service to a period of not less than 180 days; and
 - c) While in a period of military service, executes the lease and then receives military orders for a change of permanent station from a location in the continental United States to a location outside the continental United States, or from a location in a state outside the continental United States to any location outside that state, or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 180 days. (Military and Veterans Code Section 409 (a)(2).)
- 7) Provides a number of benefits and protections to servicemembers and their families pursuant to the California Military Families Financial Relief Act (Act) including the following:
 - a) The deferral of payments due on installment contracts, such as credit cards, retail credit accounts, mortgages, property taxes, up to two vehicle loans, payment of property tax or

- special assessment, as specified, obligations to a utility company, and a student loan. If a lender defers payments on a closed end credit obligation or an open-end credit obligation with a maturity date the lender is required to extend the term of the obligation by the amount of months the obligation was deferred. (Military and Veterans Code Section 800 (a) & (e).)
- b) Provides that any mortgage payments delayed are due and payable upon the earlier of: (1) the sale of the property or other event specified in the document creating the obligation permitting the lender to accelerate the loan, other than a deferment of payments authorized under the Act; (2) further encumbrance of the property; or (3) the maturity of the obligation as defined under the terms of the document creating the obligation or, if applicable, extended as specified. (Military and Veterans Code Section 802 (f).)
- c) Allows the reservist to defer the payment of principal and interest on the specified obligations and prohibits foreclosure or repossession of the property on which payment had been deferred during the specified time period. (Military and Veterans Code Section 804.)
- 8) Provides a statutory cause of action for unfair competition, including any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising, and makes a person who engages or proposes to engage in unfair competition liable for a civil penalty of not more than \$2,500, per violation. A person who engages or proposes to engage in unfair competition against one or more senior citizens or disabled persons may be liable for an additional penalty of \$2,500, as specified. (Business and Professions Code Sections 17206 – 17206.1.)

FISCAL EFFECT: According to analysis by the Senate Committee on Appropriations:

The Department of Justice (DOJ) reports costs in the hundreds of thousands for increased staff resources (Special Fund – Unfair Competition Law Fund) and costs in the thousands for overtime for existing staff to order and process additional fingerprints (General Fund).

Unknown, potentially-significant cost pressures on the courts for workload to adjudicate charges brought under the expanded provisions proposed by this bill (General Fund).

COMMENTS: According to the author:

“Senate Bill 1311 would extend additional legal and financial protections for active duty and reserve component service members and their families. SB 1311 stems from discussions between the Attorney General and military personnel, JAG legal assistance attorneys, command financial counselors, and other members of the military and veterans community, including a July 2021 roundtable event at Naval Base San Diego, and from the California Department of Justice’s enforcement experience.

Existing law, including the federal Servicemembers Civil Relief Act (SCRA) and California’s counterpart provisions in the California Military and Veterans Code (CMVC), provide military service members and their dependents a wide range of legal protections that are intended to address the unique circumstances of military service, and

allow service members to focus on performing their missions, on protecting their fellow servicemembers, and on coming home safely to their families.

These statutes are “read with an eye friendly to those who dropped their affairs to answer their country’s call.” *Le Maistre v. Leffers*, 333 U.S. 1, 6 (1948) (citing *Boone v. Lightner*, 319 U.S. 561, 575 (1943)). And they are equally critical to ensuring that servicemembers, including members of our own California National Guard, are able to respond effectively to fires, earthquakes, pandemics, and other state emergencies here in California.

SB 1311 draws from the Department of Justice’s experience protecting and working with military families in California and seeks to strengthen California’s existing military consumer protection laws where the need exists. California service members and their families deserve our unwavering support, and this measure recognizes the demands that military life and deployment places on them and ensures that their rights are fully protected under the law.”

Consumer protections and active duty military service.

Military servicemembers and their dependents enjoy significant consumer protections through a variety of existing laws, including the Federal Military Lending Act, the servicemembers Civil Relief Act, and provisions of the California Military Veterans Code. Active duty servicemembers are provided with these protections because military service imposes unique conditions upon servicemembers and their families that can make it difficult to impossible to service debt, or fulfill long-term contracts. Military service is unpredictable and intense, requires a high degree of mobility and often involves servicemembers being deployed to places where they may not be able to receive mail or access the internet for long periods of time.

The Department of Defense and the various branches of the armed forces regard these civil protections as important to maintaining force readiness, and violations of these protections as, therefore, a threat to readiness and the well-being of servicemembers and military families. According to the Federal Deposit Insurance Corporation, “The Military Lending Act, enacted in 2006 and implemented by the Department of Defense (DoD), protects active duty members of the military, their spouses, and their dependents from certain lending practices. These practices could pose risks for servicemembers and their families, and could pose a threat to military readiness and affect servicemember retention.”

Despite efforts on both the state and federal level to provide these protections to members of the U.S. armed forces, many still suffer significant abuse and exploitation. For instance, businesses will often condition their offers of military discounts with numerous pages of terms and conditions, including waivers of rights under state and federal law.

In one instance, a U.S. Navy senior noncommissioned officer who had stored valuable car parts and materials with a storage company, returned after deployment to find the company had

auctioned off his property.¹ The sale had apparently occurred as a result of the company requiring the sailor, a Master Chief Petty Officer with 30 years of service, to waive significant protections, including a protection preventing companies from selling the contents of a storage lot without a court order, prior to renting the unit. The bill would end this practice in California by, among other provisions, expressly prohibiting businesses from conditioning military discounts on the servicemember or veteran waiving their rights under state or federal law.

The financial exploitation of junior enlisted servicemembers, in particular, is widely regarded as a long-standing problem within the armed forces. A newly-minted soldier, sailor, airman or marine fresh from basic training, with no need to pay for housing or food, and with little understanding yet of the domestic burdens of military service, can quickly find themselves in financial peril.

GAP Waivers and this bill.

Guaranteed asset protection waivers (GAP waivers) are purported to protect car owners whose vehicles are declared a total loss after an accident, or are stolen and unrecovered, while the owner still owes money on the loan used to purchase the car. Low-income owners might be unable to afford comprehensive auto insurance that includes GAP coverage, and instead purchase the minimum liability policy required under law. In this situation, the owner may be doubly harmed in the event of a wreck or theft. They will no longer have a vehicle to drive, and because they are still repaying the loan, they cannot obtain financing to buy a replacement vehicle.

To address this risk, car buyers, particularly low-income car buyers, often purchase GAP waivers: add-on products to auto loan contracts under which the lender agrees to waive some or all of the remaining balance on the car loan if the car is subject to a total loss or is stolen and never recovered. The full cost of the GAP waiver is included as an upfront add-on charge for the vehicle, and the buyer makes interest payments on the cost of the waiver over the life of the loan. GAP waivers are generally sold in the indirect-lending context, in which dealers originate auto loans at the time of sale, and then sell the conditional sales contract governing the purchase and financing of the car, to a third-party lender.

Even though they resemble insurance products, GAP waivers sold by dealers are carved out from regulation under the Insurance Code. (Insurance Code Section 1758.992 (h)(2).) But there is no corresponding statute setting forth the specific responsibilities of sellers and lenders and the rights of buyers of GAP waivers. Consequently, purchasers of GAP waivers are often subject to significant consumer abuses. One such abuse is the practice by various institutions of bundling GAP waivers with purchase loans for servicemembers, and in the process of doing so, stripping the servicemember of existing consumer protections under the Federal Military Lending Act.

The opposition contends that this bill would “[prevent] military personnel or veterans to avail themselves of mainstream consumer products – voluntary protection products (“VPPs”) – just

¹ Department of Justice Files Suit Against Storage Company for Unlawfully Selling Servicemembers’ Belongings, Department of Justice: Office of Public Affairs (March 16, 2015) at <https://www.justice.gov/opa/pr/departments-justice-files-suit-against-storage-company-unlawfully-selling-service-members>.

because they serve our country.” However, no portion of the bill appears to prevent the sale of such products unless the purchase of the product would cause the loan to be exempt from the Military Lending Act. Prior to 2017, federal regulations promulgated pursuant to the MLA prevented servicemembers from losing protections under the MLA due to bundling products such as GAP waivers with purchase loans.²

However, the Trump administration rolled back this regulation, creating an opening for sellers to engage in exactly this practice.³ The language included in Section 5 of this bill appears to simply revert to the status quo prior to 2017. Servicemembers and veterans would still be able to purchase GAP waivers so long as the purchase does not effectively remove protections allotted them under the MLA. A servicemember may, for example, complete a second transaction at the dealership, or purchase a GAP waiver through an external source, such as their insurance provider.

It is worth noting that, while the coalition of lenders and auto dealers that have opposed this bill argue that it will have the unintended consequence of hoisting a new financial burden on servicemembers, it appears that purchasing GAP waivers at the dealership is often astronomically more expensive than acquiring it through an insurer. A 2017 study conducted by the National Consumer Law Center detailed that the average markup for GAP sold at a dealership was approximately 151%, an average of \$378 more than the dealer’s cost of \$251. (Van Alst, Carter, Levy, and Shavit, *Auto Add-Ons Add UP: How Dealer Discretion Drives Excessive, Arbitrary, and Discriminatory Pricing*, National Consumer Law Center (October 2017) p. 17 at https://www.nclc.org/images/pdf/car_sales/report-auto-add-on.pdf.) In contrast, insurance agents that sell GAP receive set commissions on each sale equaling the equivalent of an 11 – 18% markup. (Ibid.). Put briefly, GAP waivers appear to be significantly more affordable from secondary sources, such as an individual’s car insurance provider, than bundled with their car loan at the dealership.

As the opponents contend, GAP waivers are often valuable resources for all consumers purchasing new cars that can help cover significant amounts of debt from unfortunate accidents. The language in this bill does not appear to prevent the sale of GAP waivers to servicemembers or veterans, except in situations where such a purchase would cause the covered member to lose protections under the Federal Military Lending Act. In the event a servicemember wishes to purchase GAP, they may still access the product either through a secondary seller, such as their auto insurance provider, or even through the dealership at the point of sale in a separate transaction. The argument that by preventing the sale of GAP waivers bundled with the original purchase loans that would result in the loss of protections under the MLA this bill would undeniably result in the loss of access for all military servicemembers to these protections simply does not bear out.

² Military Lending Act Limitations on Terms of Consumer Credit Extended to servicemembers and Dependents, Defense Department (December 14, 2017) at <https://www.federalregister.gov/documents/2017/12/14/2017-26974/military-lending-act-limitations-on-terms-of-consumer-credit-extended-to-service-members-and>.

³ Arnold, *White House Takes Aim At Financial Protections for Military*, NPR (August 13, 2018) at <https://www.npr.org/2018/08/13/637992389/white-house-takes-aim-at-financial-protections-for-military>.

The Department of Defense.

The DoD is concerned specifically about what the DoD has called “hybrid loans.” In an amicus brief filed in January in the 4th Circuit Court of Appeals in *Davidson v. United Auto Credit Corporation*, the Department of Defense, joined by the Consumer Financial Protection Bureau, wrote:

“The MLA’s car-loan exception is not satisfied, however, by a hybrid loan—that is, a loan that finances a product bundle including both an exempt product (such as a car) and a distinct non-exempt product (such as optional GAP coverage). Such hybrid loans that bundle together standalone financial products like GAP coverage remain consumer credit subject to the statute’s protections for servicemembers.”

[...]

“Just as a lender could not bypass the MLA’s servicemember protections by bundling a standalone financial product such as a cash advance with a car loan, the same goes for GAP coverage. GAP coverage is a financial product, not a car product. It might help the owner pay off the loan when the car is totaled, but it does not help protect the car and does not further the purchase or use of the car. GAP coverage is thus distinct from and not appreciably related to the car being bought. And when a lender chooses to include financing for GAP coverage, that loan falls outside the statutory exception. This does not mean that lenders cannot offer hybrid loans, or a specific loan that finances GAP coverage; it just means that lenders must follow the statute’s protections in doing so.”

Arguments in support

This bill is sponsored by Attorney General Rob Bonta. It is supported by the California District Attorneys Association, the Consumer Federation of California, Nextgen California, and the San Diego Military Advisory Council. The Consumer Federation of California writes:

Unfortunately over the past few years, California has seen several instances of nefarious businesses unfairly targeting servicemembers and their families. The demands of military life, including lengthy deployments, can put a strain on families and make them more vulnerable to exploitation. Military and veteran benefits like the GI bill also attract unscrupulous businesses looking to drain these individuals’ bank accounts. For-profit colleges are an egregious example of this, claiming to offer servicemembers a valuable education but far more often delivering a lackluster or downright fraudulent experience.

SB 1311 helps put a stop to this unfair targeting of servicemembers strengthening consumer protections for these individuals. The California Attorney General, who is sponsoring SB 1311, has investigated and prosecuted several of these businesses, and crafted this bill based on the needs of servicemembers in these situations. Among the provisions, this bill imposes enhanced penalties for violations of the unfair competition law against servicemembers and veterans. The bill also enhances the ability of servicemembers to cancel auto leases when they are reassigned or deployed, which in and of itself is a very important reform.

California veterans have made a significant sacrifice for their country and they should feel confident that they are protected from businesses seeking to exploit them.

Arguments in opposition

Various credit union and financial services advocates oppose the bill unless amended, including the American Financial Services Association, the American Property Casualty Insurance Association, the California Credit Union League, the Consumer Credit Industry association, the Defense Credit Union Council, the Guaranteed Asset Protection Alliance, the Independent Auto Dealers Association of California, and the National Independent Auto Dealers Association. Stating concerns with the bill, the above organizations write jointly:

“The bill as written prevents military personnel or veterans to avail themselves of a mainstream consumer product – voluntary protection products (“VPPs”) -- just because they serve our country. Congress saw fit to pass the Military Lending Act to exempt securitized loans for personal property, such as water sport vehicle and trailers, and motor vehicles, enabling servicemembers to purchase and finance VPPs. This bill should not override their intent.

When consumers take on debt, they take on more financial risk. During the loan process, consumers may purchase VPPs like credit insurance, debt protection and Guaranteed Asset Protection (GAP) as a financial safety net. For example, GAP products are designed to protect consumers from what can be a large financial loss when their vehicle is, due to damage or theft, considered a total loss and the consumer owes a lender more than the value of the vehicle. When this occurs, the physical damage protection provided by an auto insurance policy will pay the depreciated value of the vehicle. That amount may not be adequate to pay-off the loan.

Given the high cost of motor vehicles, the difference (or “gap”) between these two amounts can be substantial, and this unique product provides a consumer with the security and protection needed to avoid having to continue to pay for a vehicle that they no longer own.

Consider the following should 408.1.(c) go into effect, a scenario occurring often with a young servicemember lacking funds for a down payment taking out the maximum loan amount to purchase the vehicle they desire, the most common car loan now reaching 72 months, with rapid vehicle depreciation considering the current inflated purchase prices for vehicles:

- servicemember borrows \$30,000 to purchase a vehicle
- servicemember still owes \$22,000 at the time their vehicle is destroyed
- the insurer values the vehicle at \$17,000 at the time of the claim
- servicemember now owes \$5,000 for a vehicle they can no longer use

- GAP coverage would waive the \$5,000 balance and allow the servicemember to replace the vehicle
- 408.1.(c) would leave the servicemember owing \$5,000 because they had no access to GAP coverage

Approximately 28 million U.S. households hold some form of VPP and received \$1.2 billion in benefits in 2020. It's no surprise then that academic research fielded by the highly regarded University of Michigan Survey Research Center shows that:

- 85% of installment loan borrowers indicated credit insurance and debt protection products are a good idea -- *a consistently high rating over a 40-year span of similar surveys.*
- About 90% of GAP purchasers would purchase it again and recommend it to others

With almost 40% of American households saying an unforeseen \$400 expense would be challenging to handle (pay off in the same month), coupled with inflationary trends and an expected downward correction in used car values, borrowers need access to affordable financial protection products now more than ever.”

REGISTERED SUPPORT / OPPOSITION:

Support

American Legion, Department of California
 Amvets, Department of California
 California Association of County Veterans Service Officers
 California Department of Justice
 California District Attorneys Association
 California Low-income Consumer Coalition
 California State Commanders Veterans Council
 Consumer Attorneys of California
 Consumer Federation of California
 Military Officers Association of America, California Council of Chapters
 National Consumer Law Center, INC.
 Navy Region Southwest
 Nextgen California
 San Diego Military Advisory Council (SDMAC)
 Swords to Plowshares - Vets Helping Vets
 Vietnam Veterans of America, California State Council

Opposition

American Financial Services Association

Oppose Unless Amended

Guaranteed Asset Protection Alliance

Analysis Prepared by: Christian Burkin / M. & V.A. / (916) 319-3550

AMENDED IN ASSEMBLY JUNE 16, 2022

AMENDED IN SENATE MAY 19, 2022

AMENDED IN SENATE APRIL 28, 2022

SENATE BILL

No. 1311

Introduced by Senators Eggman and Atkins

February 18, 2022

An act to add Section 17206.2 to the Business and Professions Code, to amend Section 116.540 of the Code of Civil Procedure, and to amend Sections 401, 409, 409.3, 800, 802, and 804 of, and to add Section 408.1 to, the Military and Veterans Code, relating to veterans.

LEGISLATIVE COUNSEL'S DIGEST

SB 1311, as amended, Eggman. Veterans: protections.

Existing law establishes a statutory cause of action for unfair competition, including any unlawful, unfair, or fraudulent business act or practice and unfair, deceptive, untrue, or misleading advertising. Existing law requires a person who engages or proposes to engage in unfair competition to be liable for a civil penalty of not more than \$2,500, per violation, which is assessed and recovered in an action brought by certain public officials, including the Attorney General.

This bill, the Military and Veteran Consumer Protection Act of 2022, would make a person who violates those provisions, if the violation is perpetrated against one or more service members or veterans, liable for an additional civil penalty not to exceed \$2,500 for each violation, as specified.

Existing law prohibits any individual other than the plaintiff and the defendant from taking part in the conduct or defense of a small claims action. Existing law makes various exceptions to this prohibition,

including allowing a representative for a plaintiff who is serving on active duty in the United States Armed Forces outside the state, was assigned to their duty station after the claim arose, is on the assignment for more than 6 months, has a representative serving without compensation, and the representative has appeared in small claims actions on behalf of others no more than 4 times during the calendar year.

This bill would expand that exception to authorize the plaintiff who is a service member, as defined, to appear via video appearance or have a representative if the service member is assigned to a location more than 100 miles from the court where the action is proceeding, or is otherwise unable to personally appear due to the performance of military duty, the representative is serving without compensation other than compensation from the United States or the State of California, and, except with regards to a representative employed by the United States or the State of California, the representative has appeared in small claims actions on behalf of others no more than 4 times in the calendar year.

Existing law prohibits a person, in connection with the collection of any obligation from a member of the active militia or a member of the active or reserve components of the Armed Forces, from contacting the member's military unit or chain of command without the written consent of the member given after the obligation becomes due and payable.

This bill would prohibit a person from, in connection with any transaction or any sale of goods or services, electronically access a Common Access Card (CAC) issued to a service member, place or require the placement of such a CAC in a smart card reader, request or request entry of the personal identification number (PIN) associated with such a CAC, or require a service member to log in to any Department of Defense or, in the case of a member of the Coast Guard, Department of Homeland Security computer system. The bill would prohibit a person from conditioning the receipt of a military or veteran discount on the waiver by the person of any right under state or federal law. The bill would make a waiver of any right provided by specified laws to service members, former service members, or their dependents void. The bill would make a violation of these provisions a misdemeanor. By expanding the scope of a crime, this bill would impose a state-mandated local program.

Existing law authorizes a service member to terminate a lease of a motor vehicle if the service member executes the lease while in a period of military service and then receives military orders for a change of

permanent station from a location in the continental United States to a location outside the continental United States, or from a location in a state outside the continental United States to any location outside that state, or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 180 days.

This bill would instead authorize the termination of that lease if the service member executes the lease while in a period of military service and then receives military orders for a change of permanent station to a location that is more than 100 miles from the prior duty station, or to deploy with a military unit, or as an individual in support of a military operation, for a period of not less than 90 days.

Existing federal law, the Military Lending Act, prohibits a creditor from imposing an annual percentage rate of interest greater than 36% with respect to a consumer credit card extended to specified service members or their dependents. The Military Lending Act also prohibits creditors from extending consumer credit to specified service members or their dependents with specified terms.

This bill would make any security interest in personal property other than a motor ~~vehicle~~ *vehicle, off-highway vehicle, trailer, or aircraft* void if it would cause a loan procured by specified service members in the course of purchasing the personal property to be exempt from the Military Lending Act. The bill would make any security interest in a motor vehicle void if it would cause a loan procured by specified service members in the course of purchasing the motor vehicle to be exempt from the Military Lending Act and the loan also funds the purchase of a credit insurance product or credit-related ancillary product.

Existing law authorizes a service member, at any time during their most current period of military service or within 6 months afterwards, to petition a court for relief in respect of any obligation or liability incurred by the service member before the effective date of their orders for military service, as specified. Existing law authorizes a court to allow the service member to defer payments on those obligations or liabilities, as specified. Existing law makes these deferred obligations due upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, upon further encumbrance of the property, other than for preservation or protection of the property, or upon the maturity of the obligation, as specified.

This bill would instead make these deferred obligations due upon the sale of the property or other event specified in the documents creating

the obligation permitting the lender to accelerate the loan or upon further encumbrance of the property, other than for preservation or protection of the property, that would cause the obligation to become due and payable under the terms of the contract or other instrument evidencing the obligation.

Existing law authorizes a member of the United States Military Reserve or the National Guard who is called to active duty, as specified, to defer payments on specified obligations, including an obligation secured by a mortgage or deed of trust, while serving on active duty. Existing law requires a lender who defers payments on a closed end credit obligation or an open-end credit obligation with a maturity date to extend the term of the obligation by the amount of months the obligation was deferred. Existing law makes any mortgage payment delayed pursuant to these provisions payable upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, upon further encumbrance of the property, or upon the maturity of the obligation, as specified.

This bill would instead make any mortgage payments deferred pursuant to these provisions due and payable upon the sale of the property or other event specified in the documents creating the obligation permitting the lender to accelerate the loan, as specified.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known, and may be cited, as the
- 2 Military and Veteran Consumer Protection Act of 2022.
- 3 SEC. 2. Section 17206.2 is added to the Business and
- 4 Professions Code, to read:
- 5 17206.2. (a) (1) In addition to any liability for a civil penalty
- 6 pursuant to Section 17206, a person who violates this chapter, if
- 7 the act or acts of unfair competition are perpetrated against one or
- 8 more service members or veterans, may be liable for a civil penalty
- 9 not to exceed two thousand five hundred dollars (\$2,500) for each

1 violation, which may be assessed and recovered in a civil action
2 as prescribed in Section 17206.

3 (2) Any civil penalty shall be paid as prescribed by subdivisions
4 (b) and (c) of Section 17206.

5 (b) As used in this section, the following terms have the
6 following meanings:

7 (1) “Service member” means a person who is a member of the
8 Army, Navy, Air Force, Marine Corps, Space Force, or Coast
9 Guard, or the active militia of this state.

10 (2) “Veteran” means a person who was formerly a service
11 member.

12 SEC. 3. Section 116.540 of the Code of Civil Procedure is
13 amended to read:

14 116.540. (a) Except as permitted by this section, no individual
15 other than the plaintiff and the defendant may take part in the
16 conduct or defense of a small claims action.

17 (b) Except as additionally provided in subdivision (i), a
18 corporation may appear and participate in a small claims action
19 only through a regular employee, or a duly appointed or elected
20 officer or director, who is employed, appointed, or elected for
21 purposes other than solely representing the corporation in small
22 claims court.

23 (c) A party who is not a corporation or a natural person may
24 appear and participate in a small claims action only through a
25 regular employee, or a duly appointed or elected officer or director,
26 or in the case of a partnership, a partner, engaged for purposes
27 other than solely representing the party in small claims court.

28 (d) If a party is an individual doing business as a sole
29 proprietorship, the party may appear and participate in a small
30 claims action by a representative and without personally appearing
31 if both of the following conditions are met:

32 (1) The claim can be proved or disputed by evidence of an
33 account that constitutes a business record as defined in Section
34 1271 of the Evidence Code, and there is no other issue of fact in
35 the case.

36 (2) The representative is a regular employee of the party for
37 purposes other than solely representing the party in small claims
38 actions and is qualified to testify to the identity and mode of
39 preparation of the business record.

1 (e) A plaintiff who is a service member is not required to
2 personally appear, and may submit declarations to serve as
3 evidence supporting their claim, appear via video appearance, or
4 allow another individual to appear and participate on their behalf,
5 if the service member is assigned to a location more than 100 miles
6 from the court where the action is proceeding, or is otherwise
7 unable to personally appear due to the performance of military
8 duty, the representative is serving without compensation, other
9 than compensation from the United States or the State of California,
10 and, except as to representatives who are employed by the United
11 States or the State of California, the representative has appeared
12 in small claims actions on behalf of others no more than four times
13 during the calendar year. The defendant may file a claim in the
14 same action in an amount not to exceed the jurisdictional limits
15 stated in Sections 116.220, 116.221, and 116.231.

16 (f) A party incarcerated in a county jail, a Department of
17 Corrections and Rehabilitation facility, or a Division of Juvenile
18 Facilities facility is not required to personally appear, and may
19 submit declarations to serve as evidence supporting their claim,
20 or may authorize another individual to appear and participate on
21 their behalf if that individual is serving without compensation and
22 has appeared in small claims actions on behalf of others no more
23 than four times during the calendar year.

24 (g) A defendant who is a nonresident owner of real property
25 may defend against a claim relating to that property without
26 personally appearing by (1) submitting written declarations to
27 serve as evidence supporting their defense, (2) allowing another
28 individual to appear and participate on their behalf if that individual
29 is serving without compensation and has appeared in small claims
30 actions on behalf of others no more than four times during the
31 calendar year, or (3) taking the action described in both (1) and
32 (2).

33 (h) A party who is an owner of rental real property may appear
34 and participate in a small claims action through a property agent
35 under contract with the owner to manage the rental of that property,
36 if (1) the owner has retained the property agent principally to
37 manage the rental of that property and not principally to represent
38 the owner in small claims court, and (2) the claim relates to the
39 rental property.

1 (i) A party that is an association created to manage a common
2 interest development, as defined in Section 4100 or in Sections
3 6528 and 6534 of the Civil Code, may appear and participate in a
4 small claims action through an agent, a management company
5 representative, or bookkeeper who appears on behalf of that
6 association.

7 (j) At the hearing of a small claims action, the court shall require
8 any individual who is appearing as a representative of a party under
9 subdivisions (b) to (i), inclusive, to file a declaration stating (1)
10 that the individual is authorized to appear for the party, and (2)
11 the basis for that authorization. If the representative is appearing
12 under subdivision (b), (c), (d), (h), or (i), the declaration also shall
13 state that the individual is not employed solely to represent the
14 party in small claims court. If the representative is appearing under
15 subdivision (e), (f), or (g), the declaration also shall state that the
16 representative is serving without compensation, and has appeared
17 in small claims actions on behalf of others no more than four times
18 during the calendar year.

19 (k) A spouse who sues or who is sued with their spouse may
20 appear and participate on behalf of their spouse if (1) the claim is
21 a joint claim, (2) the represented spouse has given their consent,
22 and (3) the court determines that the interests of justice would be
23 served.

24 (l) If the court determines that a party cannot properly present
25 their claim or defense and needs assistance, the court may in its
26 discretion allow another individual to assist that party.

27 (m) Nothing in this section shall operate or be construed to
28 authorize an attorney to participate in a small claims action except
29 as expressly provided in Section 116.530.

30 SEC. 4. Section 401 of the Military and Veterans Code is
31 amended to read:

32 401. (a) Application by a service member for, or receipt by a
33 service member of, a stay, postponement, or suspension pursuant
34 to this chapter in the payment of any tax, fine, penalty, insurance
35 premium, or other civil obligation or liability of that person shall
36 not itself, without regard to other considerations, provide the basis
37 for any of the following:

38 (1) A determination by any lender or other person that the
39 service member is unable to pay any civil obligation or liability
40 in accordance with its terms.

1 (2) With respect to a credit transaction between a creditor and
2 the service member, any of the following:
3 (A) A denial or revocation of credit by the creditor.
4 (B) A change by the creditor in the terms of an existing credit
5 arrangement.
6 (C) A refusal by the creditor to grant credit to the service
7 member in substantially the amount or on substantially the terms
8 requested.
9 (3) An adverse report relating to the creditworthiness of the
10 service member by or to any person or entity engaged in the
11 practice of assembling or evaluating consumer credit information.
12 (4) A refusal by an insurer to insure the service member.
13 (5) An annotation in a service member's record by a creditor
14 or a person engaged in the practice of assembling or evaluating
15 consumer credit information identifying the service member as a
16 member of the active militia, as defined in Section 120, or an active
17 or reserve component of the Armed Forces.
18 (b) A person shall not, in connection with the collection of any
19 obligation, including any debt or payment, falsely claim to be a
20 member or civilian employee of the Armed Forces, a component
21 of the active militia, as defined in Section 120, the Department of
22 Defense, the Department of Homeland Security, or the Military
23 Department, or identify themselves through the use of any military
24 rank, rating, or title.
25 (c) A person shall not, in connection with the collection of any
26 obligation, including any debt or payment, from a member of the
27 active militia, as defined in Section 120, or a member of an active
28 or reserve component of the Armed Forces, contact the member's
29 military unit or chain of command without the written consent of
30 the member given after the obligation becomes due and payable.
31 (d) A person shall not, in connection with any transaction or
32 any sale of goods or services, electronically access a Common
33 Access Card (CAC) issued to a service member, place or require
34 the placement of such a CAC in a smart card reader, request or
35 request entry of the personal identification number (PIN) associated
36 with such a CAC, or require a service member to log in to any
37 Department of Defense or, in the case of a member of the Coast
38 Guard, Department of Homeland Security computer system. A
39 transaction or sale entered into in violation of this subdivision is
40 void.

1 (e) (1) A person shall not condition the receipt of a military or
2 veteran discount, in any form, on the waiver by a recipient of the
3 discount of any right the person has under state or federal law.
4 Any such waiver is void.

5 (2) Any other waiver of a right provided to service members,
6 former service members, or their dependents by this code is void.

7 (f) Any person violating any provision of this section is liable
8 for actual damages, reasonable attorney’s fees, and costs incurred
9 by the injured party.

10 (g) Any person violating any provision of this section is guilty
11 of a misdemeanor, and shall be punishable by imprisonment not
12 to exceed one year or by a fine not to exceed one thousand dollars
13 (\$1,000), or both.

14 SEC. 5. Section 408.1 is added to the Military and Veterans
15 Code, to read:

16 408.1. (a) For purposes of this section, “covered member” has
17 the same meaning as in the Military Lending Act pursuant to
18 Section 987 of Title 10 of the United States Code.

19 (b) A security interest in personal property other than a motor
20 ~~vehicle~~ *vehicle, off-highway vehicle, trailer, vessel, or aircraft* is
21 void, and cannot be perfected, if it would cause a loan procured
22 by a covered member in the course of purchasing the personal
23 property to be exempt from the requirements of Section 987 of
24 Title 10 of the United States Code.

25 (c) A security interest in a motor vehicle is void, and cannot be
26 perfected, if it would cause a loan procured by a covered member
27 in the course of purchasing the motor vehicle to be exempt from
28 Section 987 of Title 10 of the United States Code, and the loan
29 also funds the purchase of a credit insurance product or
30 credit-related ancillary product.

31 SEC. 6. Section 409 of the Military and Veterans Code is
32 amended to read:

33 409. (a) The lessee on a lease described in subdivision (b)
34 may, at the lessee’s option, terminate the lease at any time after
35 the lessee’s entry into military service, or the date of the lessee’s
36 military orders described in subdivision (b). A lessee’s termination
37 of a lease pursuant to this subdivision shall terminate any obligation
38 a dependent of the lessee has under the lease.

39 (b) This section applies to the following leases:

1 (1) A lease of premises occupied, or intended to be occupied,
2 by a service member or a service member’s dependents for a
3 residential, professional, business, agricultural, or similar purpose
4 if the lease is executed by or on behalf of a person who does either
5 of the following:
6 (A) During the term of the lease, enters a period of military
7 service.
8 (B) While in a period of military service, executes the lease and
9 then receives military orders for a permanent change of station or
10 to deploy with a military unit, or as an individual in support of a
11 military operation, for a period of not less than 90 days.
12 (2) A lease of a motor vehicle used, or intended to be used, by
13 a service member or a service member’s dependents for personal
14 or business transportation if the lease is executed by or on behalf
15 of a person who does any of the following:
16 (A) During the term of the lease, enters a period of military
17 service under a call or order specifying a period of not less than
18 180 days.
19 (B) During the term of the lease, enters a period of military
20 service under a call or order specifying a period of less than 180
21 days, and then receives orders extending the period of military
22 service to a period of not less than 180 days.
23 (C) While in a period of military service, executes the lease and
24 then receives military orders for a change of permanent station to
25 a location that is more than 100 miles from the prior duty station
26 or to deploy with a military unit, or as an individual in support of
27 a military operation, for a period of not less than 90 days.
28 (c) (1) Termination of a lease under subdivision (a) shall be
29 made by delivery by the lessee of written notice of that termination,
30 and a copy of the service member’s military orders, to the lessor
31 or the lessor’s grantee, or to the lessor’s agent or the agent’s
32 grantee, and in the case of a lease of a motor vehicle, by return of
33 the motor vehicle by the lessee to the lessor or the lessor’s grantee,
34 or to the lessor’s agent or the agent’s grantee, not later than 15
35 days after the date of the delivery of written notice.
36 (2) Notice under paragraph (1) may be accomplished by hand
37 delivery, private business carrier, or by placing the written notice
38 in an envelope with sufficient postage and with return receipt
39 requested, and addressed as designated by the lessor or the lessor’s

1 grantee, or to the lessor’s agent or the agent’s grantee, and
2 depositing the written notice in the United States mail system.

3 (d) (1) In the case of a lease described in paragraph (1) of
4 subdivision (b) that provides for monthly payment of rent,
5 termination of the lease under subdivision (a) is effective 30 days
6 after the first date on which the next rental payment is due and
7 payable after the date on which the notice under subdivision (c)
8 is delivered. In the case of any other lease described in paragraph
9 (1) of subdivision (b), termination of the lease under subdivision
10 (a) is effective on the last day of the month following the month
11 in which the notice is delivered.

12 (2) In the case of a lease described in paragraph (2) of
13 subdivision (b), termination of the lease under subdivision (a) is
14 effective on the day on which the requirements of subdivision (c)
15 are met for that termination.

16 (e) (1) Rent amounts for a lease described in paragraph (1) of
17 subdivision (b) that are unpaid for the period preceding the
18 effective date of the lease termination shall be paid on a prorated
19 basis. The lessor may not impose an early termination charge, but
20 any taxes, summonses, or other obligations and liabilities of the
21 lessee in accordance with the terms of the lease, including
22 reasonable charges to the lessee for excess wear, that are due and
23 unpaid at the time of termination of the lease, shall be paid by the
24 lessee.

25 (2) Lease amounts for a lease described in paragraph (2) of
26 subdivision (b) that are unpaid for the period preceding the
27 effective date of the lease termination shall be paid on a prorated
28 basis. The lessor may not impose an early termination charge, but
29 any taxes, summonses, title and registration fees, or other
30 obligations and liabilities of the lessee in accordance with the terms
31 of the lease, including reasonable charges to the lessee for excess
32 wear or use and mileage, that are due and unpaid at the time of
33 termination of the lease, shall be paid by the lessee.

34 (f) Rents or lease amounts paid in advance for a period after the
35 effective date of the termination of the lease shall be refunded to
36 the lessee by the lessor, or the lessor’s assignee or the assignee’s
37 agent, within 30 days of the effective date of the termination of
38 the lease.

39 (g) Upon application by the lessor to a court before the
40 termination date provided in the written notice, relief granted by

1 this section to a service member may be modified as justice and
2 equity require.

3 (h) Any person who knowingly seizes, holds, or detains the
4 personal effects, clothing, furniture, security deposit, or other
5 property of any person who has lawfully terminated a lease covered
6 by this section, or in any manner interfered with the removal of
7 that property from the premises covered by that lease, for the
8 purpose of subjecting or attempting to subject any of the property
9 to a claim for rent accruing subsequent to the date of termination
10 of the lease, or attempts to do so, is guilty of a misdemeanor and
11 shall be punishable by imprisonment not to exceed one year or by
12 a fine not to exceed one thousand dollars (\$1,000), or both that
13 fine and imprisonment.

14 SEC. 7. Section 409.3 of the Military and Veterans Code is
15 amended to read:

16 409.3. (a) A service member may, at any time during their
17 most current period of military service or within six months
18 thereafter, petition a court for relief in respect of any obligation
19 or liability incurred by the service member before the effective
20 date of the orders for their most current period of military service
21 or in respect of any tax or assessment whether falling due before
22 or during their most current period of military service.

23 (b) The court shall set a hearing on the petition within 25 days
24 from the date the petition is filed, unless the court shows good
25 cause for extending the date of the hearing. The petition shall be
26 served at least 10 days before the hearing. The respondent shall
27 file and serve a response to the petition at least five days before
28 the hearing.

29 (c) The court shall not charge a filing fee or court costs for a
30 petition filed pursuant to this section.

31 (d) If, after notice and hearing, the court finds the ability of the
32 service member to comply with the terms of any such obligation
33 or liability, or to pay any such tax or assessment, has been
34 materially affected by reason of their most current period of
35 military service as defined in this chapter, the court may grant the
36 following relief:

37 (1) In the case of an obligation payable in installments under a
38 contract for the purchase of real estate, or secured by a mortgage
39 or other instrument in the nature of a mortgage upon real estate, a
40 deferment of the payments due on the obligation for a period of

1 time equal to the period of military service, even if the service
2 member requests the relief after the start of their current period of
3 military service, subject to subdivision (a), and even if such
4 payments extend beyond the termination of the period of military
5 service. The obligation shall be extended, except as specified in
6 subdivision (f), for the period of time that payments were deferred,
7 and the deferred payments shall be paid in equal installments during
8 the combined period at the rate of interest on the unpaid balance
9 prescribed in the contract, or other instrument evidencing the
10 obligation, for installments paid when due, and subject to any other
11 terms as may be just. Penalties shall not be imposed on the
12 nonpayment of principal or interest during this period. Interest
13 shall not be charged or accumulated during the period of deferment
14 unless otherwise ordered by the court.

15 (2) In the case of any other obligation, liability, tax, or
16 assessment, a deferment of any payments on the obligation during
17 the service member's period of military service and, from the date
18 of termination of the period of military service or from the date of
19 application if made after the service, for a period of time equal to
20 the period of military service of the applicant or any part of that
21 period, subject to payment of the balance of principal and
22 accumulated interest due and unpaid at the date of termination of
23 the period of military service or the date of application, as the case
24 may be, in equal periodic installments during the extended period
25 at the rate of interest as may be prescribed for the obligation,
26 liability, tax, or assessment, if paid when due, and subject to any
27 other terms as may be just. Penalties shall not be imposed on the
28 nonpayment of principal or interest during this period. Interest
29 shall not be charged or accumulated during the period of deferment
30 unless otherwise ordered by the court.

31 (e) (1) When any court has granted a deferment as provided in
32 this section, no fine or penalty shall accrue during the period the
33 terms and conditions of the deferment are complied with by reason
34 of failure to comply with the terms or conditions of the obligation,
35 liability, tax, or assessment in respect of which the deferment was
36 granted, including penalties on the nonpayment of principal or
37 interest during this period. Interest shall not be charged or
38 accumulated during the period of deferment unless otherwise
39 ordered by the court. Foreclosure or repossession of property on

1 which payment has been deferred shall not take place during the
2 period specified in this section.

3 (2) If a person has charged or accrued a fine, penalty, or interest
4 in violation of paragraph (1), that person shall be liable for actual
5 damages, reasonable attorney's fees, and costs incurred by the
6 injured party as a result of the violation.

7 (f) An obligation that has been deferred pursuant to paragraph
8 (1) of subdivision (d) becomes due and payable upon either of the
9 following:

10 (1) The sale of the property or other event specified in the
11 documents creating the obligation permitting the lender to
12 accelerate the loan, other than a deferment of payments authorized
13 by this section.

14 (2) Further encumbrance of the property other than for
15 preservation or protection of the property that would cause the
16 obligation to become due and payable under the terms of the
17 contract or other instrument evidencing the obligation.

18 (g) This section shall not relieve a service member with a
19 mortgage subject to an impound account for the payment of
20 property taxes, special assessments, mortgage insurance, and hazard
21 insurance from making monthly payments of an amount that is at
22 least sufficient to pay these amounts, unless the borrower and
23 lender agree to a lesser amount.

24 (h) This section shall not preclude a service member from
25 making payments toward the mortgage payments deferred before
26 the occurrence of any of the events in subdivision (d).

27 (i) This section shall not permit a service member ordered to
28 military service to obtain a delay, deferment, or stay on an
29 obligation to pay child support. This section shall not preclude a
30 service member ordered to military service from seeking a
31 modification of an order to pay child support due to a reduction
32 in income resulting from the order to service, or from seeking the
33 imposition of the maximum interest rate provided by this chapter
34 on arrearages in child support payments existing before the order
35 to service.

36 SEC. 8. Section 800 of the Military and Veterans Code is
37 amended to read:

38 800. (a) Subject to subdivision (b), in addition to any other
39 benefits provided by law and to the extent permitted by federal

1 law, a reservist who is called to active duty may defer payments
2 on any of the following obligations while serving on active duty:

- 3 (1) An obligation secured by a mortgage or deed of trust.
- 4 (2) Credit card, as defined in Section 1747.02 of the Civil Code.
- 5 (3) Retail installment contract, as defined in Section 1802.6 of
6 the Civil Code.
- 7 (4) Retail installment account, installment account, or revolving
8 account, as defined in Section 1802.7 of the Civil Code.
- 9 (5) Up to two vehicle loans. For purposes of this chapter,
10 “vehicle” means a vehicle as defined in Section 670 of the Vehicle
11 Code.
- 12 (6) A payment of property tax or any special assessment of
13 in-lieu property tax imposed on real property that is assessed on
14 residential property owned by the reservist and used as that
15 reservist’s primary place of residence on the date the reservist was
16 ordered to active duty.
- 17 (7) An obligation owed to a utility company.
- 18 (8) A student loan.

19 (b) (1) In order for an obligation or liability of a reservist to be
20 subject to the provisions of this chapter, the reservist or the
21 reservist’s designee shall deliver to the obligor both of the
22 following:

- 23 (A) A written request by or on behalf of the reservist for a
24 deferment of financial obligations. For purposes of this
25 subparagraph, “written request” includes an electronic
26 communication.
- 27 (B) A copy of the reservist’s military orders.

28 (2) If required by a financial institution, proof that the reservist’s
29 employer does not provide continuing income to the reservist while
30 the reservist is on active military duty, including the reservist’s
31 military pay, of more than 90 percent of the reservist’s monthly
32 salary and wage income earned before the call to active duty.

33 (c) Upon request of the reservist or the reservist’s dependent or
34 designee and within five working days of that request, if applicable,
35 the employer of a reservist shall furnish the letter or other
36 comparable evidence showing that the employer’s compensation
37 policy does not provide continuing income to the reservist,
38 including the reservist’s military pay, of more than 90 percent of
39 the reservist’s monthly salary and wage income earned before the
40 call to active duty.

1 (d) The deferral period on financial obligations shall be the
2 lesser of 180 days or the period of active duty plus 60 calendar
3 days and shall apply only to those payments due subsequent to the
4 notice provided to a lender as provided in subdivision (b). In
5 addition, the total period of the deferment shall not exceed 180
6 days within a 365-day period.

7 (e) If a lender defers payments on a closed end credit obligation
8 or an open-end credit obligation with a maturity date, pursuant to
9 this chapter, the lender shall extend the term of the obligation by
10 the amount of months the obligation was deferred. However, any
11 mortgage payments deferred pursuant to this section are due and
12 payable upon the sale of the property or other event specified in
13 the documents creating the obligation permitting the lender to
14 accelerate the loan, other than a deferral of payments under this
15 section.

16 (f) If a lender defers payments on an open-end credit obligation
17 pursuant to this chapter, the lender may restrict the availability of
18 additional credit with respect to that obligation during the term of
19 the deferral.

20 (g) The deferment of payments on an obligation does not limit
21 the ability of the reservist or any other person to make payments
22 on the obligation.

23 SEC. 9. Section 802 of the Military and Veterans Code is
24 amended to read:

25 802. Nothing in this chapter relieves a reservist with a mortgage
26 subject to an impound account for the payment of property taxes,
27 special assessments, mortgage insurance, and hazard insurance
28 from making monthly payments of an amount which is at least
29 sufficient to pay these amounts, unless the borrower and lender
30 agree to a lesser amount.

31 SEC. 10. Section 804 of the Military and Veterans Code is
32 amended to read:

33 804. During the period specified in Section 800, the reservist
34 may defer the payment of principal and interest on the specified
35 obligations. No penalties shall be imposed on the nonpayment of
36 principal or interest during this period. No interest shall be charged
37 or accumulated on the principal or interest on which the payment
38 was delayed. No foreclosure or repossession of property shall take
39 place during the period of deferment unless otherwise ordered by
40 a court or agreed to by the parties to the obligation.

1 SEC. 11. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the penalty
6 for a crime or infraction, within the meaning of Section 17556 of
7 the Government Code, or changes the definition of a crime within
8 the meaning of Section 6 of Article XIII B of the California
9 Constitution.

O

Date of Hearing: June 28, 2022

ASSEMBLY COMMITTEE ON MILITARY AND VETERANS AFFAIRS

James Ramos, Chair

SB 1357 (Archuleta) – As Amended June 15, 2022

SENATE VOTE: 39-0

SUBJECT: Property taxation: exemption: disabled veteran homeowners

SUMMARY: Creates a new property tax exemption in lieu of the existing exemption for qualified disabled veterans. Specifically, **this bill:**

- 1) Exempts from taxation property, for property tax lien dates occurring on or after January 1, 2023, but occurring before January 1, 2033, owned by, and that constitutes the principal place of residence of, a veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly, if the disabled veteran taxpayer has lost the use of two or more limbs, or is totally blind, and has a 100% disability rating by the United States Department of Veterans Affairs (USDVA).
- 2) Provides an unmarried surviving spouse a property exemption in the same amount that they would have been entitled to if the veteran were alive if the following conditions are met:
 - a) The deceased veteran, during their lifetime, qualified for the exemption under this bill, or would have qualified for the exemption under the laws effective on January 1, 2023, except that the veteran died before January 1, 2023. The veteran was a resident of this state on January 1 of the year in which they died; and,
 - b) The veteran died from an injury or disease that was service-connected as determined by the USDVA, and the veteran was a resident of this state on January 1 of the year in which they died.
- 3) Provides that the property is deemed to be the principal place of residence of the unmarried surviving spouse of a deceased veteran only if the property was the principal place of residence of the veteran when they died.
- 4) Provides that a property is deemed to be the principal residence of a veteran, if the veteran is confined to a hospital or other care facility, if that property would be the veteran's principal residence were it not for their confinement to a hospital or care facility, provided the residence is not rented or leased to a third party. This bill provides that a family member who resides at the residence is not considered a third party.
- 5) Requires certain documentation to be provided to the County Assessor to receive the exemption and prohibits any other real property tax exemption from being granted to the claimant if receiving the exemption provided by the provisions of this bill.
- 6) Defines or explains the following terms used in this bill: "blind in both eyes," "loss of the use of a limb," "totally disabled," "veteran," "property that is owned by a veteran," and "property that is owned by the veteran's unmarried surviving spouse."

- 7) Provides that the Legislature intends to apply the requirements of Revenue and Taxation Code (R&TC) Section 41 to this bill:
 - a) The goal, purpose, and objective of the exemption is to reduce homelessness by providing a tax exemption to 100 percent disabled veteran homeowners.
 - b) To assist the Legislature in determining whether the exemption allowed by this act fulfills the goal, purpose, and objective as described in this bill, the State Board of Equalization shall, to the extent data is available from county assessors, annually collect and report to the to the Legislature, pursuant to this bill, data from county assessors to quantify the amount of assessed value exempted and the number and type of taxpayers granted this exemption.
- 8) Provides that if the Commission on State Mandates determines that this bill contains costs mandated by the state, reimbursement for those costs shall be made under existing law.
- 9) Provides that, notwithstanding existing law, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to this bill.
- 10) Provides that this bill's provisions shall remain in effect only until January 1, 2034, and as of that date is repealed.
- 11) Takes effect immediately as a tax levy.

EXISTING LAW:

- 1) Provides that all property is taxable unless explicitly exempted by the California Constitution or federal law. (California Constitution, Article XIII, Section 1.)
- 2) Allows the Legislature to exempt from property taxation in whole or in part the home of a veteran or veteran's spouse if the veteran, because of injury incurred in military service, is blind in both eyes, has lost the use of 2 or more limbs, or 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, unless the home is receiving another real property exemption. (California Constitution, Article XIII, Section 4, Subdivision (a).)
- 3) Exempts from property taxes 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, if the veteran is disabled as a result of injury or disease incurred in military service, or if the veteran has, as a result of a service-connected injury or disease, died while on active duty in military service. The property tax exemption is on that part of the full value of the residence that does not exceed \$100,000, or \$150,000 if the household income of the claimant does not exceed \$40,000, as adjusted for inflation, as specified. (R&TC Section 205.5.)
- 4) Requires that anyone claiming the disabled veterans' exemption file a claim with the County Assessor. (R&TC Section 227.)

FISCAL EFFECT: Keyed fiscal, the bill was reported from the Senate Committee on Appropriations pursuant to Senate Rule 28.8.

COMMENTS:

California provides a partial property tax exemption for disabled veterans, known as the California Disabled Veterans' Exemption, intended for those who are totally disabled, blind in both eyes, or has lost the use of two or more limbs as a result of injury or disease incurred in military service. An unmarried surviving spouse of a qualified veteran may also qualify. The amount of exemption may vary depending on the tax year and other factors.

This bill would allow a full property tax exemption as an alternative to the existing exemption for disabled veterans. This bill would allow any totally disabled veteran claim a full exemption from property tax without any limitation on the property's value.

Current law defines "totally disabled" to mean that the USDVA 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. State law also contains specific definitions for blindness and the loss of two or more limbs.

According to the author:

"Veterans, like all Californians, are struggling with the high cost of housing. According to the US Department of Housing and Urban Development, over 11,000 veterans are experiencing homelessness in California. With many veterans throughout the state living on a fixed income and the median price of a home in California exceeding over \$800,000 – California must do more to ensure our veterans can afford to live in this great [state] while also striving to end veteran homelessness. Hardest hit in the dream of home ownership has been our veterans and more so our 100 percent disabled veterans. SB 1357 will provide an additional helping hand to those homeowners who have a 100 percent disability rating. This measure expands the disabled veteran's exemption to allow a full property tax exemption for 100 percent disabled veterans."

REGISTERED SUPPORT / OPPOSITION:**Support**

American Legion, Department of California
AMVETS, Department of California
California Association of County Veterans Service Officers
California Association of Realtors
California State Commanders Veterans Council
Military Officers Association of America, California Council of Chapters

Opposition

None on File

Analysis Prepared by: Jenny Callison / M. & V.A. / (916) 319-3550

AMENDED IN ASSEMBLY JUNE 15, 2022

AMENDED IN SENATE APRIL 18, 2022

AMENDED IN SENATE MARCH 16, 2022

SENATE BILL

No. 1357

Introduced by Senator Archuleta

February 18, 2022

An act to add *and repeal* Section 205.5.1-~~to~~ of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1357, as amended, Archuleta. Property taxation: exemption: disabled veteran homeowners.

The California Constitution provides that all property is taxable, and requires that it be assessed at the same percentage of fair market value, unless otherwise provided by the California Constitution or federal law. The California Constitution and existing property tax law provide various exemptions from taxation, including, among others, a disabled veterans' exemption and a veterans' organization exemption.

This bill would exempt from taxation property owned by, and that constitutes the principal place of residence of, a veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly, if the veteran is 100% disabled. ~~The bill would provide a partial property exemption, as described, for those properties if the veteran is blind in both eyes or has lost the use of 2 or more limbs and has a disability rating of less than 100%.~~ The bill would provide an unmarried surviving spouse a property exemption in the same amount that they would have been entitled to if the veteran was alive and if certain conditions are met. The bill would require certain documentation to be provided to the county

assessor to receive the exemption and would prohibit any other real property tax exemption from being granted to the claimant if receiving the exemption provided by the provisions of this bill. The bill would make these exemptions applicable for property tax lien dates occurring on or after January 1, ~~2023~~, 2023, *but occurring before January 1, 2033*. By imposing additional duties on local tax officials, the bill would impose a state-mandated local program.

Existing law requires any bill authorizing a new tax expenditure to contain, among other things, specific goals, purposes, and objectives that the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill would state that it is the intent of the Legislature to apply those requirements to the bill and would set forth specified information relating to those requirements.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Existing law requires the state to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding those provisions, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 205.5.1 is added to the Revenue and
2 Taxation Code, to read:
3 205.5.1. (a) (1) In lieu of the property exemption in Section
4 205.5, for property tax lien dates occurring on or after January 1,
5 2023, *but occurring before January 1, 2033*, property owned by,
6 and that constitutes the principal place of residence of, a veteran,

1 the veteran’s spouse, or the veteran and the veteran’s spouse jointly,
2 shall be entitled to an exemption in accordance with the following:

3 (A) If the veteran is blind in both eyes or has lost the use of two
4 or more limbs as a result of injury or disease incurred in military
5 service and the disability rating by the United States Department
6 of Veterans Affairs or the military service from which the veteran
7 was discharged is 100 percent, then the property shall be exempt
8 from taxation.

9 (B) If the veteran is totally disabled as a result of injury or
10 disease incurred in military service, then the property shall be
11 exempt from taxation.

12 ~~(C) (i) If the veteran is blind in both eyes or has lost the use of~~
13 ~~two or more limbs as a result of injury or disease incurred in~~
14 ~~military service and the disability rating is less than 100 percent~~
15 ~~but more than 10 percent, then the property shall be entitled to a~~
16 ~~partial exemption in accordance with this section. The amount of~~
17 ~~the full value of property exempted pursuant to this subparagraph~~
18 ~~shall be the product of seven hundred thousand dollars (\$700,000)~~
19 ~~and the percentage of the veteran’s disability rating percentage by~~
20 ~~the United States Department of Veterans Affairs or the military~~
21 ~~service from which the veteran was discharged.~~

22 ~~(ii) The seven-hundred-thousand-dollar (\$700,000) exemption~~
23 ~~amount set forth in this subparagraph shall be compounded~~
24 ~~annually by an inflation factor that is the annual percentage change,~~
25 ~~measured from February to February of the two previous~~
26 ~~assessment years, rounded to the nearest one-thousandth of 1~~
27 ~~percent, in the California Consumer Price Index for all items, as~~
28 ~~determined by the Department of Industrial Relations.~~

29 (2) For purposes of this subdivision, property is deemed to be
30 the principal place of residence of a veteran, disabled as described
31 in paragraph (1), who is confined to a hospital or other care facility,
32 if that property would be that veteran’s principal place of residence
33 were it not for their confinement to a hospital or other care facility,
34 provided that the residence is not rented or leased to a third party.
35 For purposes of this paragraph, a family member who resides at
36 the residence is not a third party.

37 (b) (1) Property that is owned by, and that constitutes the
38 principal place of residence of, the unmarried surviving spouse of
39 a deceased veteran is exempt from taxation in the same amount
40 that the veteran or veteran’s spouse would have been entitled to

1 in subdivision (a) if the veteran was alive, in the case of a veteran
2 who was blind in both eyes, had lost the use of two or more limbs,
3 or was totally disabled, provided that either of the following
4 conditions is met:

5 (A) The deceased veteran, during their lifetime, qualified for
6 the exemption pursuant to subdivision (a), or would have qualified
7 for the exemption under the laws effective on January 1, 2023,
8 except that the veteran died prior to January 1, 2023. The veteran
9 shall have been a resident of this state on January 1 of the year in
10 which they died.

11 (B) The veteran died from an injury or disease that was
12 service-connected as determined by the United States Department
13 of Veterans Affairs, and the veteran was a resident of this state on
14 January 1 of the year in which they died.

15 (2) (A) Property is deemed to be the principal place of residence
16 of the unmarried surviving spouse of a deceased veteran, who is
17 confined to a hospital or other care facility, if that property would
18 be the unmarried surviving spouse's principal place of residence
19 were it not for their confinement to a hospital or other care facility,
20 provided that the residence is not rented or leased to a third party.
21 For purposes of this paragraph, a family member who resides at
22 the residence is not a third party.

23 (B) Property is deemed to be the principal place of residence
24 of the unmarried surviving spouse of a deceased veteran only if
25 the property was the principal place of residence of the veteran
26 when they died.

27 (c) For purposes of this section, all of the following definitions
28 apply:

29 (1) "Blind in both eyes" means having a visual acuity of 5/200
30 or less, or concentric contraction of the visual field to 5 degrees
31 or less.

32 (2) "Loss of the use of a limb" means that the limb has been
33 amputated or its use has been lost by reason of ankylosis,
34 progressive muscular dystrophies, or paralysis.

35 (3) "Totally disabled" means the United States Department of
36 Veterans Affairs or the military service from which the veteran
37 was discharged has rated the disability at 100 percent or has rated
38 the disability compensation at 100 percent by reason of being
39 unable to secure or follow a substantially gainful occupation.

40 (4) "Veteran" means either of the following:

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

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

16 (5) "Property that is owned by a veteran" or "property that is
17 owned by the veteran's unmarried surviving spouse" includes all
18 of the following:

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

21 (B) Property owned by the veteran or the veteran's spouse as
22 separate property.

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

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

29 (E) So much of the property of a corporation as constitutes the
30 principal place of residence of a veteran or a veteran's unmarried
31 surviving spouse when the veteran, or the veteran's spouse, or the
32 veteran's unmarried surviving spouse is a shareholder of the
33 corporation and the rights of shareholding entitle one to the
34 possession of property, legal title to which is owned by the
35 corporation. The exemption provided by this paragraph shall be
36 shown on the local roll and shall reduce the full value of the
37 corporate property. Notwithstanding any law or articles of
38 incorporation or bylaws of a corporation described in this
39 paragraph, any reduction of property taxes paid by the corporation
40 shall reflect an equal reduction in any charges by the corporation

1 to the person who, by reason of qualifying for the exemption, made
2 possible the reduction for the corporation.

3 (d) In order to receive the exemption provided in this section,
4 the claimant shall provide the county assessor documentation,
5 including a letter from the United States Department of Veterans
6 Affairs or the military service from which the veteran was
7 discharged demonstrating the veteran's disability rating, sufficient
8 to demonstrate the claimant's eligibility for the exemption.

9 (e) An exemption granted to a claimant pursuant to this section
10 shall be in lieu of the veteran's exemption provided by subdivisions
11 (o), (p), (q), and (r) of Section 3 of Article XIII of the California
12 Constitution, Section 205.5 of this code, and any other real property
13 tax exemption to which the claimant may be entitled. Any other
14 real property tax exemption shall not be granted to any other person
15 with respect to the same residence for which an exemption has
16 been granted pursuant to this section. However, if two or more
17 veterans qualified pursuant to this section coown a property in
18 which they reside, each is entitled to the exemption to the extent
19 of their interest.

20 *(f) This section shall remain in effect only until January 1, 2034,*
21 *and as of that date is repealed.*

22 ~~SEC. 2. It is the intent of the Legislature to enact legislation~~
23 ~~to comply with the requirements of Section 41 of the Revenue and~~
24 ~~Taxation Code.~~

25 *SEC. 2. (a) It is the intent of the Legislature to apply the*
26 *requirements of Section 41 of the Revenue and Taxation Code with*
27 *respect to the exemption under Section 205.5.1 of the Revenue and*
28 *Taxation Code, as added by this act.*

29 *(b) The goal, purpose, and objective of the exemption is to*
30 *reduce homelessness by providing a tax exemption to 100 percent*
31 *disabled veteran homeowners.*

32 *(c) (1) To assist the Legislature in determining whether the*
33 *exemption allowed by this act fulfills the goal, purpose, and*
34 *objective as described in subdivision (b), the State Board of*
35 *Equalization shall, to the extent data is available from county*
36 *assessors, annually collect and report to the to the Legislature,*
37 *pursuant to paragraph (2), data from county assessors to quantify*
38 *the amount of assessed value exempted and the number and type*
39 *of taxpayers granted this exemption.*

1 (2) *By June 1, 2024, and every June 1 thereafter until June 1,*
2 *2033, the State Board of Equalization shall report this information*
3 *to the Legislature in accordance with Section 9795 of the*
4 *Government Code.*

5 SEC. 3. If the Commission on State Mandates determines that
6 this act contains costs mandated by the state, reimbursement to
7 local agencies and school districts for those costs shall be made
8 pursuant to Part 7 (commencing with Section 17500) of Division
9 4 of Title 2 of the Government Code.

10 SEC. 4. Notwithstanding Section 2229 of the Revenue and
11 Taxation Code, no appropriation is made by this act and the state
12 shall not reimburse any local agency for any property tax revenues
13 lost by it pursuant to this act.

14 SEC. 5. This act provides for a tax levy within the meaning of
15 Article IV of the California Constitution and shall go into
16 immediate effect.