

Date of Hearing: April 13, 2026

ASSEMBLY COMMITTEE ON REVENUE AND TAXATION

Mike Gipson, Chair

AB 2167 (Macedo) – As Amended March 2, 2026

Majority vote. Tax levy. Fiscal Committee.

SUBJECT: Property tax: documentary transfer tax: exemptions: corporations chartered under tribal law

SUMMARY: Adds a corporation chartered pursuant to tribal law to the list of entities eligible for the welfare exemption for tribal conservation activities, and the exemption from the Documentary Transfer Tax Act (DTTA) for tribal land return transactions. Specifically, **this bill:**

- 1) Adds a corporation chartered pursuant to tribal law to the existing tribal land conservation property tax exemption, and to the tribal land return transaction exemption under the DTTA.
- 2) Provides that, for the purposes of complying with Revenue and Taxation Code (R&TC) Section 41, the goals, purposes, and objectives of this bill's tax exemptions are to:
 - a) Eliminate financial barriers that inhibit federally recognized tribes from reclaiming and preserving ancestral land and tribal traditional knowledge;
 - b) Ensure equitable access to existing tax exemptions for land conservation;
 - c) Facilitate the return of land to tribal stewardship for cultural, environmental, educational, and recreational purposes; and,
 - d) Promote tribal self-determination and long-term environmental preservation by enabling tribes to hold and maintain land in its natural state without accruing additional transactional tax burdens.
- 3) Requires the State Board of Equalization (BOE) to report, by March 1, 2028, and every March 1 thereafter, the following information that the Legislature may use as performance indicators to determine whether this bill meets its stated goals, purposes, and objectives:
 - a) The total number and total assessed value of tribal land return transactions that qualify for this bill's exemption from the DTTA;
 - b) The total dollar amount of taxes exempted under the DTTA pursuant to this bill;
 - c) The total acreage of land reclaimed by federally recognized Indian tribes granted the tribal conservation property tax exemption; and,
 - d) The rate of year-over-year growth in the number of qualifying land transfers and acreage.

- 4) Takes immediate effect as a tax levy.

EXISTING FEDERAL LAW provides that land taken in trust for a Native American tribe or individual Native American shall be exempt from State and local taxation. (United States Code, Title 25, Section 5108.)

EXISTING STATE LAW:

- 1) Provides that all property is taxable unless otherwise provided by the California Constitution or the laws of the United States. (California Constitution, Article XIII, Section 1.)
- 2) Authorizes the Legislature to partially or fully exempt property used for certain purposes, including charitable purposes, owned by a nonprofit organization organized and operated for those certain purposes if no part of the organization's earnings inure to the benefit of any private shareholder or individual. (California Constitution, Article XIII, Section 4.) Properties with buildings under construction, land required for convenient use of the buildings, and equipment in the buildings qualify for the exemption. (California Constitution, Article XIII, Section 5.) Existing statute implements this authorization by requiring that eligible property is irrevocably dedicated, and used, for the exempt purpose, and that the property is used in an amount reasonably necessary to accomplish the exempt purpose. This exemption is commonly referred to as the "welfare exemption." (R&TC Section 214(a).)
- 3) Provides that property is eligible for the welfare exemption if that property:
 - a) Is used exclusively for the preservation of native plants or animals, biotic communities, geological or geographical formations of scientific or educational interest, or open-space lands used solely for recreation and the enjoyment of scenic beauty;
 - b) Is open to the general public, as restricted, and is owned and operated by a scientific or charitable fund, foundation, limited liability company, or corporation, the primary interest of which is to preserve those natural areas; and,
 - c) Complies with existing law governing the welfare exemption. (R&TC Section 214.02)
- 4) Authorizes, under the welfare exemption for conservation activities, an exemption for a federally recognized Indian tribe, or its wholly owned subsidiary, if the property is reserved for the same purposes as listed above, and if the property is subject to a qualified conservation management plan, as defined. (R&TC Section 214.03.)
- 5) Authorizes, under the DTTA, the board of supervisors of any county or city and county to enact an ordinance imposing a \$0.55 tax for each \$500 of value of a property that is transferred through a deed, instrument, or other writing transferring real property within the county. Cities may also impose a tax under the DTTA at \$0.275 for each \$500 of value. The total value of the property transferred must exceed \$100 to be subject to the tax. (R&TC Section 11911.)
- 6) Prohibits the imposition of the DTTA on a tribal land return transaction, as defined. (R&TC Section 11930.5)

FISCAL EFFECT: Unknown, but potentially in excess of this Committee's Suspense File threshold.

COMMENTS:

- 1) The author has provided the following statement in support of this bill:

California has taken an important step toward supporting tribal land return transactions and the preservation of natural resources and open-space lands under current law. AB 2167 is a narrow follow-up measure to ensure that framework works as intended.

Some tribes hold land through corporations chartered under tribal law. Those entities are legitimate arms of tribal self-governance, but current statutory language does not clearly state them in the relevant tax provisions. As a result, similarly situated tribal land return transactions may be treated differently based solely on how a tribe structures its ownership.

AB 2167 provides a simple fix by expressly including corporations chartered under tribal law in the applicable welfare exemption and documentary transfer tax provisions. This bill promotes parity, respects tribal governance structures, and preserves the intent of existing law.

- 2) The Habematolel Pomo of Upper Lake, writing in support of this bill, state, in part:

Previous legislation, AB 1485, took an important step toward supporting tribal land return efforts by extending specified welfare exemption and documentary transfer tax treatment to qualifying land held by federally recognized tribes and wholly owned tribal subsidiaries. But tribes do not always structure land ownership through these specific entities. In many cases, land is acquired or managed through a corporation chartered under tribal law.

- 3) Committee Staff Comments:

- a) *Tribal exemptions:* Last year, the Legislature passed AB 1485 (Macedo), Chapter 2, Statutes of 2026. AB 1485 authorized the existing tribal exemptions under the welfare exemption for conservation activities and the DTTA. When AB 1485 passed the Assembly, that bill only included as eligible entities those currently in existing law. AB 1485 was subsequently amended in the Senate to include, and then remove, corporations chartered pursuant to tribal law as eligible entities. The sponsors of this bill claim that the deletion was inadvertent.
- b) *Need for this bill:* Committee staff questioned the sponsors of this bill on the deficiency in existing law. In response, the sponsors noted that they had not considered the existing construction. Committee staff is unclear as to the extent to which other tribes would benefit from this bill. Committee staff notes, however, that qualifying non-profit corporations, funds, foundations, and limited liability companies are qualifying entities under the welfare exemption for conservation activities, generally. The Committee may wish to consider whether it is appropriate to limit this bill's expansion to a nonprofit corporation.

REGISTERED SUPPORT / OPPOSITION:

Support

Habematolel Pomo of Upper Lake

Opposition

None on file

Analysis Prepared by: Harrison Bowlby / REV. & TAX. / (916) 319-2098