

Exemptions

General

[Article XIII, section 1](#) of the California Constitution sets forth the general principle that all property is taxable unless otherwise provided. [Section 3 of article XIII](#) authorizes exemption of certain types of property from property taxation, and [section 4 of article XIII](#) authorizes the Legislature to enact exemptions of other types of property.

The major exemptions reviewed by the BOE during an assessment practices survey include the church exemption, religious exemption, welfare exemption, and disabled veterans' exemption.

Church and Religious Exemptions

[Article XIII, section 3\(f\)](#) of the California Constitution authorizes exemption of property used exclusively for religious worship. This provision, which is implemented by [section 206](#), exempts buildings, the land on which they are situated, and equipment used exclusively for religious worship when such property is owned or leased by a religious organization. [Section 206.1](#) implements the exemption specifically for parking areas owned or leased by a religious organization.

[Section 207](#) implements the religious exemption, which exempts property used exclusively for religious purposes. Property used exclusively for religious purposes includes property owned and operated by a church and (1) used solely for religious worship, or (2) used for religious worship and preschool purposes, nursery school purposes, kindergarten purposes, school purposes of less than collegiate grade, or for purposes of both schools of collegiate grade and schools less than collegiate grade. This would not include property owned and operated by a church that is used for religious worship and school purposes of collegiate grade only.

County assessors administer the church and religious exemptions. The church exemption, including the parking exemption, requires an annual filing of the exemption claim. The religious exemption requires a one-time filing of the exemption claim; however, claimants are annually mailed a form to confirm continued eligibility of the exemption.

Welfare Exemption

[Section 214](#) implements the welfare exemption, and exempts from taxation property used exclusively for religious, hospital, scientific, or charitable purposes and that is owned or held in trust by nonprofit organizations operating for those purposes. The welfare exemption is co-administered by the BOE and county assessors.

The BOE is responsible for determining whether an organization is eligible for the welfare exemption and for issuing either an *Organizational Clearance Certificate* (OCC) to qualified organizations or a *Supplemental Clearance Certificate* (SCC) to limited partnerships, which have a qualified organization as

the managing general partner, that own and operate low-income housing. The OCC or SCC is issued by the BOE, and will remain valid until the BOE determines the OCC or SCC no longer meets the requirements.

The assessor is responsible for determining whether the property use of a qualifying organization's property is eligible for exemption and for approving or denying exemption claims. The assessor may not grant a welfare exemption on an organization's property unless the organization holds a valid OCC issued by the BOE or a valid SCC issued by the BOE if the property is a low-income housing property owned and operated by a limited partnership, which has a qualified organization (OCC holder) as the managing general partner. The assessor may deny an exemption claim based on a nonqualifying use of the property, notwithstanding that the BOE has issued an OCC or SCC to the claimant.

Disabled Veterans' Exemption

[Section 205.5](#) implements the disabled veterans' exemption, which exempts a specified amount of the value of a dwelling when occupied as a principal place of residence by a qualified disabled veteran or the veteran's unmarried surviving spouse. The property must be owned by the veteran, the veteran's spouse, or the veteran and the veteran's spouse jointly. The amount of the exemption is \$100,000 or, for a qualifying low-income claimant, \$150,000. These amounts are adjusted annually for inflation by a cost of living index.

The disabled veterans' basic exemption of \$100,000 requires a one-time filing, while the low-income exemption of \$150,000 requires annual filings to ensure that the claimant continues to meet the household low-income restriction.

For additional information regarding exemptions, refer to [Assessors' Handbook Section 265, Cemetery Exemption \(AH265\)](#) and [Assessors' Handbook Section 267, Welfare, Church, and Religious Exemptions \(AH 267\)](#).

Scope of Review

The BOE's assessment practices survey team evaluates the assessor's practices and procedures regarding exemptions. As part of this process, the BOE reviews property records involving church exemptions, religious exemptions, welfare exemptions, and disabled veterans' exemptions.