

County-Assessed Properties Division Welfare Exemption

California State Board of Equalization
April 30, 2019 Board Meeting
Sacramento, CA

Item K3.a
4/30/19

What is the Welfare Exemption?

- Section 4(b) of article XIII of the California Constitution
 - Authorizes the Legislature to exempt property:
 - (1) used exclusively for religious, hospital or charitable purposes, and
 - (2) owned or held in trust by nonprofit organizations operating for those purposes.
 - Adopted by voters as a constitutional amendment on November 7, 1944.

What is the Welfare Exemption?

- Revenue and Taxation Code section 214
 - Was enacted in 1945 to implement the Constitutional provision.
 - Parallels the Constitutional provision.
 - Expanded the Constitutional provision by adding *scientific* as a fourth purpose.

How do you qualify?

- An organization must be a community chest, fund, foundation, corporation, or eligible limited liability company.
- An organization's primary purpose must be religious, hospital, charitable or scientific.
 - The purpose is determined by the organization's activities.
 - The activities of an organization must be meaningful, significant and benefit the welfare of the community.

Filing for the Welfare Exemption

- Two-part process.
 - Filing with the BOE:
 - Form BOE-277-OC, Organizational Clearance Certificate (OCC).
 - Form BOE-277-SCC, Supplemental Clearance Certificate (SCC).
 - Filing with the County Assessor:
 - Copy of the OCC and/or SCC.
 - Form BOE-267, First Filing or BOE-267-A, Annual Filing.
 - In the county where the property is located.

Roles and Responsibilities

- **BOE Staff:**
 - Determine if an organization is eligible for the exemption based on the documents provided.
 - Confirm the organization's tax-exempt status with the Franchise Tax Board.
 - Review activities of the organization to determine if the operations fall within parameters of the exempt purpose.
 - Issue the OCC and/or SCC to the claimant.

Roles and Responsibilities

- **County Assessors:**
 - Review the claim form and attached documents for completeness.
 - Conduct a field inspection of the property.
 - To verify information on the claim form is accurate.
 - To verify the property is used exclusively for exempt purposes.
 - Determine if an organization's property qualifies for the exemption.

Additional Information

- Additional Information on the Welfare Exemption can be obtained at:
 - BOE.ca.gov
 - Local County Assessor websites.
 - Assessors' Handbook Section 267, *Welfare, Church and Religious Exemptions*.