

Memorandum

To: Mr. Ramon J. Hirsig
Executive Director

Date: October 20, 2009

From: David J. Gau, Deputy Director
Property and Special Taxes Department



Subject: ***Church Lessors' Exemption Claim Form***
(November 2009 Administrative Consent Agenda)

I am requesting that the attached property tax form be submitted to the Board for adoption pursuant to the provisions of Senate Bill 824 which was signed by the Governor on August 6, 2009 (Stats. 2009, Ch. 67). The provisions of the bill will take effect on January 1, 2010.

Among other things, SB 824 amends Revenue and Taxation Code section 214.6 to provide that property leased by a church to a public school, community college, state college, or state university, including the University of California, used jointly with a church may be eligible for the welfare exemption from property taxes. The revisions to section 214.6 required that a claim be filed annually with the assessor in the county where the property is located. The attached proposed claim form BOE-263-C, *Church Lessors' Exemption Claim*, was developed by Board staff and was sent to the California Assessors' Association Forms Subcommittee for comments. No negative comments were received from the Forms Subcommittee members.

Please place this form on the Board's November 2009 Administrative Consent Agenda for approval.

DJG:sk
Attachment

cc: Ms. Diane Olson

Approved: _____


Ramon J. Hirsig, Executive Director

BOARD APPROVED

at the _____ Board Meeting

Diane Olson, Chief
Board Proceedings

PROPOSED

INSTRUCTIONS FOR FILING CHURCH LESSORS' EXEMPTION CLAIM

IMPORTANT NOTICE

This claim may be filed to claim the welfare exemption on property leased by a church to a public school, community college, state college, state university, including the University of California when the church and public school or college both use the property in a joint manner. (See Revenue and Taxation Code section 214.6.)

Although the church has previously been granted the religious exemption, which only requires a one-time filing, annual filing of this claim form is required for a property used in conjunction with a public school to be granted the welfare exemption.

Failure to submit the public school or college lessee's affidavit will result in denial of the exemption for the lessor. Submission of the lessee's affidavit after the date the lessors' claim form is due will result in a portion of the exemption being denied. A sample affidavit is included as page 3 of this form.

IDENTIFICATION OF APPLICANT

Enter your church, corporate or organization information.

IDENTIFICATION OF PROPERTY

Enter the address of the property for which you are seeking exemption.

USES OF PROPERTY

Check each of the types of property being claimed, and state the primary and incidental uses of the property. Primary use may include both church and school use; incidental uses would include others who use the property for meetings, receptions, etc.

Enter the name and address of the public school or college lessee. If additional space is required, or if more than one lessee is being listed, attach an itemized list.

Check the appropriate box to affirm that the total income received by the church in the form of rents, fees, or charges from the lease does not exceed the ordinary and usual expenses in maintaining and operating the leased property. The exemption is not available if the income exceeds the ordinary and usual expenses in maintaining and operating the leased property.

Attach an affidavit in which the public school or college lessee declares it uses the property for exempt purposes.

If the property, or a portion thereof, for which exemption is claimed is a student bookstore that generates unrelated business taxable income as defined in section 512 of the Internal Revenue Code, property taxes are determined by establishing a ratio of the unrelated business taxable income to the bookstore's gross income.

PROPOSED

RETURN THIS
AFFIDAVIT TO
LESSOR

AFFIDAVIT FOR EXECUTION BY QUALIFYING PUBLIC SCHOOL LESSEES

NAME OF QUALIFYING PUBLIC SCHOOL LESSEE

MAILING ADDRESS

CITY, STATE, ZIP CODE

Check the type of qualifying use of the property

PUBLIC SCHOOL

STATE UNIVERSITY

COMMUNITY COLLEGE

UNIVERSITY OF CALIFORNIA

STATE COLLEGE

NAME OF CHURCH

MAILING ADDRESS

CITY, STATE, ZIP CODE

DATE LEASE SIGNED

COMMENCEMENT DATE OF LEASE

THE ASSESSOR MAY REQUEST A COPY OF THE LEASE AGREEMENT

The following property is leased as of January 1 of this year. If personal property is being leased, indicate the type, make, model, serial number, etc. Attach a separate listing if necessary.

PROPERTY TYPE (REAL OR PERSONAL)	PROPERTY DESCRIPTION

Yes No With respect to lessees that are political subdivisions of the state, the property is located within the boundaries of the exempt government entity leasing the same.

Yes No The property, or a portion thereof, is a student bookstore that generates unrelated business taxable income as defined in section 512 of the Internal Revenue Code.
If **Yes**, a copy of the institution's most recent tax return filed with the Internal Revenue Service must accompany this affidavit. Property taxes are determined by establishing a ratio of the unrelated business taxable income to the bookstore's gross income.

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true and correct to the best of my knowledge and belief.

SIGNATURE OF PERSON MAKING CLAIM

DATE

NAME OF PERSON MAKING CLAIM

TITLE

E-MAIL ADDRESS

DAYTIME TELEPHONE

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THIS DOCUMENT IS SUBJECT TO PUBLIC INSPECTION