



Mr. William Grommet

June 20, 1984

Ken McManigal

**Revenue and Taxation Code Section 224 - Household
Furnishings Exemption**

This is in response to your request that we review the May 2, 1980, Letter to Assessors No. 80/76, Personal Effects And Household Furnishings Exemption; the case of Lake Forest Community Association v. Orange County, 36 Cal. App. 3d 394, wherein Section 224 was construed by the court; and the _____, letter, with attachments, from _____ to Mr. Verne Walton concerning same, and that we advise as to the applicability of Section 224 to household furnishings in rectories, convents, and caretakers' quarters used by priests, nuns, and caretakers of a nonprofit religious corporation.

Section 224 provides, as it did at the time the Lake Forest case originated (1975) and was decided (1973), that household furnishings of any person shall be exempt from taxation. As construed by the court in the Lake Forest case, "household furnishings" was not confined to personal property physically integrated into an established dwelling or abode but includes personal property of the type or class normally found or used in, or associated with, a household and which is held or kept for household use or purposes. And "any person" was construed by the court to mean any person, firm, partnership, association, corporation, company, syndicate, estate, trust, business trust, or organization of any kind (Rev. & Tax. Code § 19 and 5), including Lake Forest, a nonprofit corporation homeowners' association.

The court then concluded that while such property must be held for household use or purposes to qualify as "household furnishings", Lake Forest did hold property used in its recreational and common use areas, such as pool furniture and umbrellas, lounge furniture, bookcase, television, etc., for household use or purposes as those terms should be properly construed:

"The use of the assessed property made by Association's members is in practical effect the same as that made by a family of furnishings and recreational property in and around their home. The property is the functional equivalent of furnishings and recreational equipment used by a family in and around their home. Our conclusion that the property constitutes 'household furnishings' exempted from property taxation under section 224 fully accords with the stated legislative purpose for the last substantive amendment to the section in 1969, 'to assure that all persons in the same circumstances throughout the state will be treated equally.'"

If personal property held by a corporation and used in recreational and common use areas is held for household use or purposes within the meaning of Section 224, it seems clear that personal property held by a corporation and used to furnish rectories, convents, and caretakers' quarters also is held for household use or purposes within the meaning thereof. To paraphrase the above-cited quotation:

The use of the household furnishings made by the corporation's priests, nuns, and caretakers is the same as that made by a family of household furnishings in its home. The furnishings are the functional equivalent of furnishings used by a family in its home. Our conclusion that the furnishings constitute "household furnishings" exempted from property taxation under section 224 fully accords with the stated legislative purpose "to assure that all persons in the same circumstances throughout the state will be treated equally."

Additionally, the court in the Lake Forest case was of the opinion that the apparent legislative intent of former Article XIII, Section 10 1/2, former Section 210, and Section 224 together was to have the effect of exempting from taxation all household furnishings. Such was based upon the 1968 amendments to Sections 210 and 224, 1968 Senate Constitutional Amendment No. 1/Proposition 1-a on the November 5, 1968, general election ballot, and the Analysis by the Legislative Counsel and the argument in favor of passage in the Voters' Pamphlet in connection with Proposition 1-a:

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(Analysis) "Exempts all household furnishings and personal effects of a householder...."

(Argument) "The property tax on household belongings will be totally eliminated."

Finally, Section 224 provides further that "household furnishings" does not include personalty held or used in connection with a trade, profession or business. In our view, personal property held by a corporation and used to furnish factories, convents, and caretakers' residences is not being held or used in connection with a trade, profession or business within the meaning of this exclusion.

We are returning the letter, with attachments, herewith.

JKM:fr

Attachment

cc: Mr. Gordon P. Adelman
Mr. Robert H. Gustafson
Mr. Verne Walton
Legal Section