

570.0000 LESSOR'S EXEMPTION

570.0001 Applicability. A lessor's exemption claim should only be filed when the lease has been adjusted for taxes and the public entity has already received the benefit of the reduction. The exemption claim filed by the public entity (free libraries or museums, public schools, community colleges, state colleges, state universities, or nonprofit institutions of higher education) should list all equipment as to the status, i.e., rental-reduced or no reduction. This will assist in verifying the lessor's claim.

Upon enrollment, only the rental-reduced equipment will be exempted. For equipment listed as no reduction, taxes will be billed and, when paid, will only be refunded to the public entity upon submission of a claim for refund. C 8/30/79.

570.0005 One-Time Filing. A lessor leasing property to free public libraries or museums, public schools, community colleges, state colleges, state universities, or nonprofit institutions of higher education need not annually file an exemption claim on such property where the exempt organization has the option at the end of the lease to acquire the leased property for one dollar (\$1) or any other nominal sum. The lessor need only to file an affidavit with the assessor within 120 days of the commencement date of the lease, or within 120 days of January 1, 1988, in the case of an existing lease, identifying the subject property and attesting to the purchase option. LTA 3/9/88 (No. 88/20).

570.0010 Reduction in Taxes. Revenue and Taxation Code section 202.2 requires lessors to reduce lease rental payments on property which receives the benefit of an exemption on the basis such property is used for certain public libraries and museums or used exclusively for public schools, community colleges or state universities, including the University of California, and leased property used exclusively for educational purposes by a nonprofit institution of higher education. Lease contracts entered into prior to September 20, 1978, may be brought under the provisions of section 202.2 by a mutual agreement that the ongoing contract is canceled and a new, but duplicate, contract shall be commenced. A simple one-page document incorporating the old agreement by reference would accomplish this end. C 11/29/78.