

(916) 445-6453

April 4, 1983

Mr. Frank C. Sealey  
Riverside County Assessor  
P. O. Box 907  
Riverside, CA 92502

Dear Mr. Sealey:

This is in reply to your letter to Larry Augusta of February 8 concerning "Canyon Lake", a P.U.D. in Riverside County. Your letter indicates that the Canyon Lake Property Owners Association is taking the position that all its personal property should be exempt from property tax under Revenue and Taxation Code Section 224 as household furnishings. Canyon Lake cites Lake Forest Community Association v. County of Orange, 86 Cal. App. 3d 394, in support of its position.

Revenue and Taxation Code Section 224 exempts from taxation the personal effects, household furnishings and pets of any person. Specifically excluded from those categories by Section 224 are boats, aircraft, vehicles or personalty held or used in connection with a trade, profession or business.

The Lake Forest case essentially held that the exemption of Section 224 was not restricted to householders as owners so that household furnishings that are used in a common-use clubhouse and owned by a community association qualify for the exemption.

The facts of this case are clearly distinguishable from the Lake Forest case as pointed out by George Sydoriak in his memorandum which accompanied your letter.

Lake Forest was "organized as a nonprofit corporation to operate and maintain recreational facilities and common areas for the benefit of its members, consisting exclusively of homeowners within a planned unit development." The property at issue in Lake Forest included "teen room equipment, billiard table, pool umbrellas, outside chairs and lounges, pool furniture, typewriter, pool table, television, card table and chairs, lounge furniture, bookcase, and folding chairs."

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Canyon Lake, on the other hand, apparently has opened up some of its facilities including a golf course and driving range, pro-shop and snack shop to the general public. Accordingly, much of Canyon Lake's property, as listed on Mr. Sydorciak's memorandum, falls into the nonexempt category of "personalty held or used in connection with a trade, profession, or business." Included in this category are such items as inventory, supplies, office furniture and equipment, restaurant and kitchen equipment, and golf course equipment. A second nonexempt category under Section 224 is "vehicles" which include golf carts and tractors. These could also be listed in the first category.

Finally, some of the property listed would properly be classified as fixtures which are taxable as real property and obviously not exempt under Section 224. Included here are cardgates and some of the restaurant and kitchen equipment.

In summary, none of the property listed in Mr. Sydorciak's memorandum would be exempt under Section 224.

I hope the foregoing has been responsive to your letter. If we can be of further help, please write or call.

Very truly yours,

Eric F. Eisenlauer  
Tax Counsel

EFE:fr

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