870.0001 **Billiard and Card Rooms.** Billiard rooms, card rooms and other rooms used for social club purposes are not eligible for the exemption. C 1/21/80; C 10/13/94.

of California

Board of Equalization

emorandum

Valerie Salkin

Date: October 13, 1994

n: Jim Barga

ject: Exemption of Veterans' Organizations

This is in response to your request for information on an exemption for Veterans' Organizations. You asked specifically how it would apply to one such organization located on three parcels in Contra Costa County used for a thrift store, for a workshop, and for meetings. There are two Revenue and Taxation Code Sections that apply to Veterans' Organizations.

R & T Section 215 - Exempts personal property owned by Veterans' Organization which has been chartered by the Congress of the United States, when used solely and exclusively for the purpose of such organization, if not conducted for profit and no part of the net earnings inures to the benefit of any private individual or member. No claim form is required to be filed.

R & T Section 215.1- Buildings and land used exclusively for charitable purposes owned by the veterans' organization is exempt if the organization meets the requirements of subdivision (1) to (7) inclusive of Section 214 (the welfare exemption). The exemption is filed on the Veterans' Organization claim form AH 269.

The areas normally considered eligible for exemption are the office area used to counsel veterans and the area used to store veterans records. Thrift stores / workshops only qualify if they include a planned formal rehabilitation program. The meeting hall and bar found in most of the facilities are not considered used for charitable purposes.

Jim Barga, ASD MIC:64

JB: waj

16) 445-4380

January 21, 1980

Department Commander
3932 Wilshire Blvd.
Los Angeles, CA 90010

Dear ___

This is in further response to your November 28, 1977, letter in light of the District Court of Appeal decision in Peninsula Covenant Church v. San Mateo County, (1979) 94 Cal. App. 3d 332, wherein the court held that the Church's community center building and parking lot were eligible for the welfare exemption from property taxation but that the Church's tennis courts, swimming pool, locker rooms and sauna areas were not.

As indicated in my November 21, 1977, memorandum to Board Member Nevins, we do not believe that use of tennis courts, etc., to serve a church's goals of proselytization and evangelism is a proper basis for granting an exemption, and this contention was accepted by the court, on appeal. We are of the same opinion with respect to use of billiard rooms, card rooms, etc., to serve other organizations' goals of retaining members or acquiring new members.

With respect to my point that those seeking exemption because of claimed religious activities have an advantage over those claiming their activities are charitable and pages 13 and 17 of the trial court's opinion, wherein it was concluded that even if the exemption claimed for religious purposes failed, the exemption would be available for charitable purposes, that portion of the trial court's opinion was repudiated by the court's decision. We remain of the opinion that there are valid distinctions between organizations having religious purposes and engaging in religious activities and organizations having charitable purposes and engaging in charitable activities for purposes of exemption from property taxation.

Finally, Revenue and Taxation Code Section 215.1, which provides for the veterans' organization exemption, states in part, that the exemption shall apply only to that property used exclusively for charitable purposes of organizations meeting

the requirements of the section, Article XIII, Section 4(b) of the California Constitution, and subdivisions (1) to (7), inclusive, of Section 214 of the Code. Section 214(5) requires that the property not be used by the owner or members thereof for social club purposes. Thus, this prohibition does apply to organizations claiming the veterans' organization exemption as well as to organizations claiming the welfare exemption.

In sum, the court's decision confirms, in our view, our conclusion that only parts of American Legion Halls are exempt from property taxation and that other parts, billiard rooms, card rooms, etc., are not.

Very truly yours,

J. J. Delaney
Chief Counsel

JKM JJD:fr

cc: Honorable Richard Nevins

bc: Legal Section