



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA
(P O BOX 942879, SACRAMENTO, CALIFORNIA 94279-0001)

WILLIAM M BENNETT
First District, Kenfield

CONWAY H COLLIS
Second District, Los Angeles

ERNEST J DRONENBURG JR
Third District, San Diego

PAUL CARPENTER
Fourth District, Los Angeles

GRAY DAVIS
Controller, Sacramento

DOUGLAS D BELL
Executive Secretary

No. 87/57

August 7, 1987

TO COUNTY ASSESSORS, COUNTY COUNSELS, AND OTHER
INTERESTED PARTIES:

**NOTICE OF PROPOSED REGULATORY ACTION
BY THE
STATE BOARD OF EQUALIZATION**

**RULE 137, Welfare Exemption - Residential Property
PUBLIC HEARING: 1:30 p.m., October 22, 1987**

NOTICE IS HEREBY GIVEN

The State Board of Equalization proposes to add Rule 137, Welfare Exemption - Residential Property, to Title 18 of the California Administrative Code, relating to property tax. A public hearing relevant to this action will be held at City Council Chambers, Santa Monica City Hall, 2nd Floor, 1685 Main Street, Santa Monica, California, at 1:30 p.m. on October 22, 1987. Any person interested may present statements or arguments orally at that time and place. Written statements or arguments will be considered by the Board if received by October 22, 1987.

INFORMATIVE DIGEST

This rule is being added to interpret statutes pertaining to the exemption of property owned by religious organizations and used by them to house ministers, priests and rabbis. For some time the staff of the Board has considered housing occupied by religious to be eligible for exemption only when it is occupied by people devoted to a monastic lifestyle or when it could be shown that the residential property was needed to house people who were essential to the operation of the main property. In 1984 this approach was held by a District Court of Appeal to be erroneous. The Court concluded that the use made of the property by the owner church was determinative of exemption not the use by the occupant minister nor the fact that the minister realized some incidental benefit.

COST TO LOCAL AGENCIES AND SCHOOL DISTRICTS

The State Board of Equalization has determined that the proposed addition does not impose a mandate on local agencies or school districts. Further, the Board has determined that the addition will result in no direct or indirect cost or savings to any state agency, any local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the

Government Code, or other nondiscretionary cost or savings imposed on local agencies, or cost or savings in federal funding to the State of California.

EFFECT ON HOUSING COSTS AND SMALL BUSINESS

The cost impact on private persons or businesses will be insignificant. This proposal will not have a significant adverse economic impact on small businesses.

AUTHORITY

Section 15606, Government Code

REFERENCE

Sections 207, 214, Revenue and Taxation Code

CONTACT

Questions regarding the content of the regulation should be directed to Gordon P. Adelman, Assistant Executive Secretary, Property Taxes, (916) 445-1516, at 1719 24th Street, Sacramento, California 95816.

Written comments for the Board's consideration or requests to present testimony and bring witnesses to the public hearing should be directed to Janice Masterton, Assistant to Executive Secretary, (916) 445-6479, at 1020 N Street, Sacramento, California 95814.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Board has prepared a statement of reasons and an underscore version (express terms) of the proposed addition. Both of these documents and all information on which the proposal is based are available to the public upon request. The rulemaking file is available for public inspection at Room 134, 1020 N Street, Sacramento, California.

ADDITIONAL COMMENTS

In the event there are any staff memoranda included in the rulemaking file after the close of the public hearing, these memoranda will be available to the public upon request from Mrs. Masterton for a period of 15 days after the public hearing.

In the event there are any revisions sufficiently related to the published version of the rule, these revisions will be mailed to those interested parties that commented orally or in writing or that asked to be informed of such changes and will be available to the public upon request from Mrs. Masterton for a period of 15 days before adoption.

Following the hearing, the State Board of Equalization upon its own motion, or at the instance of an interested person, may in accordance with law adopt the addition proposed without further notice.

Dated: August 4, 1987

STATE BOARD OF EQUALIZATION

Douglas D. Bell

Douglas D. Bell
Executive Secretary

Rule 137. WELFARE EXEMPTION - RESIDENTIAL PROPERTY.

Where a religious organization meeting the criteria of Revenue and Taxation Code Section 207 or 214, and of either Revenue and Taxation Code Section 23701d or Internal Revenue Code Section 501(c)(3) owns property exempt under Revenue and Taxation Code Section 206, 207, or 214, and also owns property used principally in conjunction with the exempt property as a residence for the maintenance of a minister, priest, rabbi, or other religious functionary who is regularly and generally present and whose presence is related to and reasonably necessary for the accomplishment of a religious purpose of the organization, and who devotes the majority of his or her time to the accomplishment of that purpose, and the use of the residence is to meet a need of the religious organization rather than solely for the convenience of the person or persons occupying the residence, then the residence shall be exempt.

Authority: Section 15606, Government Code

Reference: Sections 207, 214, Revenue and Taxation Code