



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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

November 9, 1987

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Third District San Diego

PAUL CARPENTER
Fourth District Los Angeles

GRAY DAVIS
Controller Sacramento

DOUGLAS D BELL
Executive Secretary
No. 87/89

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: 2:00 p.m., January 5, 1988**

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 in room 102, Consumer Affairs Building, 1020 N Street, Sacramento, California, at 2:00 p.m., on January 5, 1988. 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 January 5, 1988.

INFORMATIVE DIGEST

This rule is being added to provide statewide standards for the exemption of property owned by religious organizations and used by them to house ministers, priests, rabbis or comparable religious functionaries. For some time the staff of the Board has considered housing occupied by religious functionaries 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.

The proposed rule would give effect to this ruling by providing that the residence is eligible for exemption if it is owned by a qualified exempt organization, it enables the occupant to fulfill his or her primary occupational activity of furthering the religious goals of the organization, and the governing document of the organization demonstrates that it is provided only because the occupant is considered essential to the accomplishment of exempt religious purposes.

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.

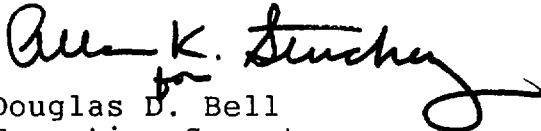
In the event there are any revisions sufficiently related to the published version of the rule, these revisions will be mailed to those interested parties that commented orally or in

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: November 4, 1987

STATE BOARD OF EQUALIZATION


Douglas D. Bell
Executive Secretary

Rule 137. WELFARE EXEMPTION - RESIDENTIAL PROPERTY

A religious organization that satisfies the requirements of Revenue and Taxation Code Sections 207 or 214 and possesses a letter or other document from the Franchise Tax Board or the Internal Revenue Service acknowledging its exempt religious status under Revenue and Taxation Code Section 23701(d) or Internal Revenue Code Section 501(c)(3), respectively, shall receive property tax exemption on property it owns and provides as a residence to its minister, priest, rabbi or other comparable religious functionary provided:

1. The residence enables the occupant to fulfill his or her primary occupational activity of furthering the religious goals of the organization; and,

2. The governing document of the organization demonstrates that the residence is provided only because the occupant is considered essential to the accomplishment of exempt religious purposes.

Authority: Section 15606, Government Code

Reference: Sections 207, 214, Revenue and Taxation code