



December 27, 1984

Ken McManigal

Welfare Exemption - Ownership Requirement

Re the December 11, 1984, letter
Exemption and Mapping Division,
Los Angeles County, concerning property leased to a qualify-
ing organization, such property remains ineligible for the
exemption because it is not owned by the organization, as
required by Section 214. See my August 27, 1982, letter to
Mr. in this regard, copy to you:

"...the welfare exemption is both an
'ownership' and a 'use' exemption....

"...Had the People/Legislature intended,
as you suggest, that an operator's use
of property, pursuant to a lease, for
qualifying purposes should be considered
as or equivalent to ownership for purposes
of the exemption, there would have been
no need for the ownership requirement.
Rather, the 'use' requirement employed
in the public schools, college, and
church exemptions could have similarly
been employed."

While Section 61(c)(1) defines change in ownership to
include the creation of a leasehold interest in taxable real
property for a term of 35 years or more for assessment purposes,
as to such leased property or any other leased property, the
lessor/owner continues to be the legal owner of such property
for ownership purposes. And, as indicated above, ownership
is a requirement for exemption.

As to Mr. Goodrich's suggestion that "this issue is
worthy of consideration for a legislative clarification", I
point out that it is Article XIII, Section 4(b) of the
Constitution that makes ownership a requirement for the

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exemption. With that in mind, I am forwarding the letter to Gordon Adelman for response or for his review and advice to you as to a response by you in this regard.

JKK:fr

Attachment

cc: