

## CHURCH AND RELIGIOUS EXEMPTIONS AUTHORITATIVE CITATIONS

The following provides the authoritative citations for the church and religious exemptions portion of the Exemptions Survey Topic. In general, citations include Constitutional provisions, sections of the Revenue and Taxation Code, other applicable statutes, court cases, Property Tax Rules, *Assessors' Handbook Sections*, Letters To Assessors, and legal annotations pertaining to the topic.

CITATION	DESCRIPTION
<b>California Constitution</b>	
<a href="#"><u>Article XIII, §3(f)</u></a>	<i>Church.</i> Buildings, land on which they are situated, and equipment used exclusively for religious worship are exempt.
<a href="#"><u>Article XIII, §4(d)</u></a>	<i>Church.</i> Real property (whether owned or leased) not used for commercial purposes, that is reasonably and necessarily required for parking vehicles of persons worshipping on land exempt by article XIII, §3(f), is exempt.
<a href="#"><u>Article XIII, §4(b)</u></a>	<i>Religious (and Welfare).</i> Property used exclusively for religious, hospital, or charitable purposes and <b>owned</b> or held in trust by corporations or other entities (1) that are organized and operating for those purposes, (2) that are nonprofit, and (3) no part of whose net earnings inures to the benefit of any private shareholder or individual, may be exempt.
<a href="#"><u>Article XIII, §5</u></a>	<i>Church (and Welfare).</i> Exemptions granted or authorized by §3(f) apply to buildings under construction, land required for their convenient use, and equipment in them if the intended use would qualify the property for exemption.

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<b>Revenue and Taxation Code</b>	
<a href="#">§75.21</a>	Provides for application of the exemptions on a supplemental assessment.
<a href="#">§75.23</a>	Effective January 1, 2012, SB 947 repealed this section. An exemption that was granted on a property shall no longer apply as of the date of change in ownership if the property is sold to a person or organization that does not qualify for the exemption.
<a href="#">§75.24</a>	If a section 501(c)(3) organization uses the property in an exempt manner within 180 days of a change in ownership or completion of new construction, the property shall be eligible for exemption from supplemental assessment. This section is also the basis for granting an exemption on the regular bill under §271.
<a href="#">§206</a>	<i>Church.</i> The church exemption is as specified in the Constitution. The property may be owned or leased.
<a href="#">§206.1</a>	<p><i>Church.</i> Land used for church parking, whether owned by or leased to claimant, may be eligible for the exemption. If leased, certain conditions apply:</p> <ul style="list-style-type: none"> <li>• The congregation must have no more than 500 members;</li> <li>• The land and improvements must be leased and used for parking by members of the religious organization</li> <li>• The lease terms require the lessee organization to pay property taxes; and,</li> <li>• The county and property owner agree that the owner will pay real property taxes during a specified period if the leased property is not used exclusively for qualified parking.</li> </ul>
<a href="#">§206.2</a>	<i>Church.</i> Reduction of property taxes on leased property granted the church exemption shall inure to the benefit of the lessee.

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<a href="#">§207</a>	<p><i>Religious.</i> Real Property owned and operated by a religious organization is exempt if used for:</p> <ul style="list-style-type: none"> <li>• Religious worship, or</li> <li>• Religious worship and schools of less than collegiate grade, or</li> <li>• Religious worship and schools of collegiate grade <i>and</i> schools of less than collegiate grade. Use for worship and schools of collegiate grade alone (without schools of less than collegiate grade) or use by schools of collegiate grade alone does not qualify. This exemption shall be known as the religious exemption.</li> </ul>
<a href="#">§207.1</a>	<p><i>Religious.</i> Personal property leased to a religious organization and used exclusively for purposes described in §207 shall be considered eligible for the religious exemption.</p>
<a href="#">§214.4</a>	<p><i>Religious (and Welfare).</i> For purposes of §207 and §214, a school of "less than collegiate grade" is one attendance at which exempts a student from attendance at a public full-time elementary or secondary day school under §48222 of the Education Code, or one at which a majority of the students are excused from such attendance under §48221 or §48226 of the same Code.</p>
<a href="#">§214.6</a>	<p><i>Religious (and Welfare).</i> Property leased by a religious organization to a public school district – religious organization files form BOE-263-C, <i>Church Lessors' Exemption Claim</i>, and affirms:</p> <ul style="list-style-type: none"> <li>• Income does not exceed expenses.</li> <li>• The leased property is within the boundaries of the political subdivision.</li> </ul> <p>This will provide a welfare exemption to the religious organization who has filed the one-time filing religious exemption.</p>
<a href="#">§255</a>	<p><i>Annual affidavits for exemptions, except homeowners'</i>, shall be filed with the assessor between the January 1 lien date and 5:00 p.m. on February 15. If the claimant is found ineligible for the church exemption or the religious exemption, the organization may file a claim for the welfare exemption within 15 days from the date of notification by the assessor without late-filing penalties.</p>
<a href="#">§256</a>	<p><i>Church.</i> The affidavit for church exemption shall show that:</p> <ul style="list-style-type: none"> <li>• The buildings and equipment are used solely for religious worship; and,</li> <li>• The land claimed as exempt is required for convenient use of the building.</li> </ul> <p>Each year before the lien date, county assessors mail a claim form for the</p>

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	church exemption to all recipients of such exemption in the prior year, except where the prior recipient has transferred title to the property since the prior lien date.
<a href="#">§257</a>	<p><i>Religious.</i> Any person claiming the religious exemption shall submit to the assessor an affidavit giving specific information relating to the property tax exemption.</p> <p>The affidavit for the religious exemption shall show that:</p> <ul style="list-style-type: none"> <li>• The building, equipment, and land are used exclusively for religious purposes;</li> <li>• The land claimed as exempt is required for the building's convenient use;</li> <li>• The entity is nonprofit; and,</li> <li>• No part of the net earnings inures to the benefit of any private individual.</li> </ul> <p>Any exemption granted pursuant to a claim filed in accordance with this section, once granted, shall remain in effect until such time as title to the property changes or the property is no longer used for (religious) exempt purposes. (One time-filing only, annual filing not required unless a change has occurred.)</p> <p>Any person who is granted an exemption pursuant to a claim filed in accordance with this section shall notify the assessor if the property becomes ineligible for the exemption.</p> <p>Discovery of an incorrectly allowed exemption, in full or partial, shall be cancelled on the property no longer eligible and escape assessment made, with interest and applicable penalty, not exceeding \$250.</p>
<a href="#">§257.1</a>	<p><i>Religious.</i> Requires that the assessor annually send a notice to all recipients of the religious exemption advising them to terminate the exemption if the property, or any portion thereof, no longer qualifies for exemption. The form is BOE-prescribed (form BOE-267-SNT).</p> <p>Request is made for the notice to be returned to the assessor, although failure to return does not constitute waiver of the exemption, but may result in an onsite inspection. No late filing penalties may be assessed if form not returned.</p>
<a href="#">§270</a>	<p><i>Church, Religious, Welfare, Veterans' Organization.</i> If a claim is filed late (after 5:00pm, February 15), a percentage of the assessment will be cancelled as follows:</p> <ul style="list-style-type: none"> <li>• 90 percent if filed on or before next January 1; and,</li> </ul>

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	<ul style="list-style-type: none"> <li>• 85 percent if filed after that date, subject to 4-year statute of limitations</li> <li>• The maximum penalty is \$250.</li> </ul>
<a href="#">§271</a>	<i>Church, Religious, Welfare, Veterans' Organization.</i> Taxes and penalties, prorated from the date of acquisition, shall be canceled or refunded provided that the claim for exemption is filed within 90 days from the first day of the month following the month in which the property was acquired or by February 15 of the following calendar year, whichever is earlier. Only 85 percent cancellation is allowed if a claim for exemption is filed after the appropriate date, to a maximum penalty of \$250.
<a href="#">§271.5</a>	Provides that property tax exemptions cease as of the date of sale or transfer of the property. Applies to property sold or transferred after January 1, 2012.
<a href="#">§469</a>	Provides in pertinent part that only locally assessable trade fixtures and business tangible personal property of a taxpayer entity that is not fully exempt from property taxation are subject to the mandatory audit requirement.
<a href="#">531.1</a>	Allows the assessor to enroll an escape assessment when the exemption has been erroneously allowed on a property that is not eligible. Applies to property sold or transferred after January 1, 2012.
<b>Assessors' Handbook</b>	
<a href="#">AH 267,</a> <i>Welfare, Church, and Religious Exemptions</i> (October 2004)	<i>Church, Religious and Welfare Exemption.</i> Part one deals with all aspects of the welfare exemption. Part II deals with the church and religious exemptions (including parking).
<b>BOE Publications</b>	
<a href="#">Publication 48,</a> <i>Property Tax Exemptions for Religious Organizations</i> (April 2007)	An informational guide booklet for claimants and assessors discussing exemption available for religious organizations. Pages 1-11 compare and contrast the three different exemptions available for religious organizations: church, religious, and welfare and discuss filing requirements for each exemption. For an in-depth explanation, see AH 267.

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<b>Letters To Assessors</b>	
<a href="#">2008/054</a>	If a portion of a structure or site receiving the church, religious, or welfare exemption is used to mount a cell tower for commercial purposes, that portion becomes taxable. The assessor must apply a valuation methodology that satisfactorily values the taxable portion of structure and/or land.
<a href="#">2012/026</a>	Effective January 1, 2012, SB 947 adds section 271.5 to repeal section 75.23 and amends section 531.1 to clarify that certain property tax exemptions cease as of the date of sale or transfer of the property. Applies to college, cemetery, church, religious, exhibition, veterans' organization, tribal housing, and welfare exemptions.
<b>Annotations</b>	
<a href="#">230.0001 - 230.0040</a>	<i>Church.</i> BOE legal staff correspondence dealing with various aspects of the church exemption, including sales, nursery schools, church and non-church uses, late filing, etc.
<a href="#">240.0005 - 240.0011</a>	<i>Church.</i> Correspondence regarding church parking areas.
<a href="#">730.0001 - 730.0050</a>	<i>Religious.</i> Correspondence regarding the religious exemption.