

[Assembly Bill 748](#) (Lackey)

Date: 04/06/15

Program: Property Tax

Sponsor: BOE Member Runner

Revenue and Taxation Code Sections 75.21, 271 & 271.5

Effective: January 1, 2016

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Summary: Applies laws governing general administration of various exemptions¹ to the public school exemption.

Purpose: To extend existing laws governing administration of various exemptions to schools claiming the public school exemption.

Fiscal Impact Summary: Unknown, likely negligible.

Existing Law: The law exempts property used exclusively for public schools from property tax.² The law includes the public school exemption in general provisions that require a claim³ to be filed to receive certain exemptions and allow the assessor to provide a partial exemption if the claim is filed late.⁴ However, the law fails to include the public school exemption in other code sections governing general administration of property tax exemptions. These laws provide for the following:

- exemption for eligible property acquired by a qualified organization after the lien date,⁵
- exemption for entities newly qualified after the lien date,⁶
- pro-rata exemption for eligible property acquired by a qualified organization after the beginning of the fiscal year,⁷
- supplemental assessment exemption for property newly constructed or purchased that is eligible, or becomes eligible within 180 days of new construction completion or initial acquisition, as the case may be,⁸ by a qualified organization and
- exemption termination after property is sold.⁹

Proposed Law: This bill amends existing law, as described above, to apply to the public school exemption.

Background: Various property tax exemptions may apply to schools depending upon the type of school and facts of each case. The possible exemptions include the local government-owned property exemption, the state-owned property exemption, the welfare exemption, or the religious exemption. Generally, applicable law is specific to each exemption. But some laws, such as those included in this bill, apply to many different types of exemptions.

¹ These exemptions include the college, cemetery, church, religious, exhibition, veterans' organization, tribal housing, and welfare exemption.

² California Constitution Article XIII, [Section 3\(c\)](#) and Revenue and Taxation Code (RTC) Section 202.

³ RTC [Section 254](#).

⁴ RTC [Section 270](#).

⁵ RTC [Section 271](#)(a)(1).

⁶ RTC Section 271(a)(2).

⁷ RTC Section 271(a)(3).

⁸ RTC Sections [75.21](#), [75.22](#), [75.24](#).

⁹ RTC [Section 271.5](#).

In General: Property used exclusively for public schools is exempt from property taxation. The property is exempt from taxation on the basis of its exclusive use for public school purposes. Qualification for the public school exemption requires an annual claim form to be filed with the local county assessor where the property is located.¹⁰ To receive the full 100 percent exemption for property owned or leased on the January 1 lien date, the claim must be filed by February 15.

If the public school does not own the property, the property owner files a claim under the Lessor's Exemption. But if the property owner neglects to claim the exemption, the public school may file the public school exemption claim. A charter school, including a charter school operating as or by a nonprofit public benefit corporation, is exempt from property tax as a "public school."

The following links provide additional information on the Public School Exemption:

- [Public School Exemption Annotations](#)
- [Lessor's Exemption](#)

Commentary:

1. **Corrects inadvertent omission.** In researching a constituent issue related to a charter school, which was a public school, it was discovered that Sections 75.21, 271, and 271.5 do not include the public school exemption. This bill corrects this inadvertent omission.
2. **Preventative Housekeeping Measure.** Adding the public school exemption will ensure that a public school will not be barred from receiving an exemption that would otherwise be authorized under these provisions of law. This bill will also allow the assessor to revoke the exemption immediately if the property is sold or otherwise transferred to a non-qualified person or organization, thus potentially avoiding a windfall property tax exemption to the buyer.
3. **Promotes consistency.** This bill will ensure that public schools that put property to qualified use by the dates specified in Section 75.21 and 75.24 for supplemental assessments and Section 271 for regular assessments will receive an exemption to the same extent as those qualifying for the other exemptions listed in those sections of law.

Administrative Costs: The costs to update publications and website materials are absorbable.

Revenue Impact: The number of schools that claim the public school exemption with no other available exemption and that could benefit from the code sections amended in this bill is unknown. Given that the exclusion of public schools from these code sections previously has been undetected, it is estimated that the revenue impact will be negligible.

¹⁰ The claim form, [BOE-268-A](#), *Exemption for Property Used Exclusively by a Public School*, is available from the county assessor (or claim form [BOE-263](#), *Lessor's Exemption Claim*, if the property is leased).