



STATE BOARD OF EQUALIZATION

1020 N STREET, SACRAMENTO, CALIFORNIA  
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Executive Secretary

October 5, 1981

No. 81/125

TO COUNTY ASSESSORS:

RELIGIOUS EXEMPTION

On September 17, 1981, the Governor signed Assembly Bill 81 into law; it is Chapter 542 of the 1981 statutes. The effective date of this legislation is January 1, 1982. The statutes added to or amended the following sections of the Revenue and Taxation Code:

Section 207 added	Section 255 amended
Section 214.4 amended	Section 257 added
Section 251 amended	Section 257.1 added

This bill creates, the "religious exemption" for property used exclusively for "religious purposes"; it is a new exemption, in addition to the church and welfare exemption. The purpose of the act is to provide a simple, streamlined claims process for churches and church schools in filing for property tax exempt status. A church that owns its own property and operates its own preschool, nursery school, kindergarten, 1-12 grades, or both schools of collegiate grade and schools of less than collegiate grade may file for the religious exemption instead of the welfare exemption. Articles of incorporation that include a proper irrevocable dedication and submission of financial statements are not required under this exemption.

The statute also provides for one-time filing by the claimant and, beginning in 1983, the annual mailing of a notice by the assessor, which includes a card that may be returned to the assessor.

Several problem areas exist where additional legislation (not for every item listed below) may be required. Several of the problems are as follows:

1. There is no provision for late filing the claim. (Section 270 of the Revenue and Taxation Code.)
2. There is no provision for exempting property acquired after the lien date. (Section 271 of the Revenue and Taxation Code.)
3. Leased real or personal property is NOT exempt; if used for worship, it may continue to qualify for the church exemption.

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4. A church that allows another organization to operate on its property, say an elementary school, must continue to file a welfare claim.
5. A residence is not exempt under the religious purpose exemption.
6. There must be a building on the land for the property to be exempt. This exemption will apply to a church or to a church that includes a school but will NOT apply to a school where there is no church. It does NOT apply to convents, retreats, summer camps, etc.
7. Dates when certain actions are to be taken must be established:
  - a. The filing date for the claim is March 31 (see Section 255).
  - b. The 1983 filing date for the card (if terminating) is unspecified.
  - c. Dates for mailing the claim form to claimants in 1982 and for mailing the notice/card in 1983 are unspecified, the date will probably be March 15.

In the next couple of weeks we will send you a draft of the proposed claim form and a letter that you may wish to reproduce and send with the claim. The claim will be prescribed by the Board following a public hearing set for 2:00 p. m., November 16, 1981, at 1020 N Street, Sacramento, CA. We plan to distribute the final form on November 20, 1981. At this time, we believe that you would lessen the confusion by planning to mail a church form and a religious form, or a welfare exemption form and a religious form, accompanied by a letter of explanation, to each claimant.

Enclosed is a copy of the legislation for your information; if you have questions or suggestions, please contact Bill Grommet of this division, his telephone number is (916) 445-4982.

Sincerely,



Verne Walton, Chief  
Assessment Standards Division

VW:dw  
Enclosure