STATE OF CALIFORNIA

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March 9, 1982

No. 82/38

TO COUNTY ASSESSORS:

CHURCH, WELFARE, AND RELIGIOUS EXEMPTIONS:
CHURCHES OF SCIENTOLOGY

This letter supersedes our August 22, 1977 letter No. 77/109 wherein we advised that Churches of Scientology should be claiming the church exemption rather than the welfare exemption; and that portions of properties used exclusively for chapels and confessionals should be receiving the church exemption, but that the remainder of the properties was not eligible for either the church exemption or the welfare exemption.

In light of our understanding in 1977 of the manner in which Churches of Scientology promoted and conducted their religious training:

1. set fee schedules are employed in conjunction with religious training;

2. the amounts of such fees are substantial;

3. large amounts are spent for advertising, publicity and printing;

4. if and when expenses for a period are met, there is no evidence of training being provided for less than the prescribed fees;

5. surplus amounts, even after the deduction of certain "indirect" expense amounts, are substantial;

we concluded that in so promoting and conducting their religious training, Churches of Scientology were being operated for profit; that the requirement of Revenue and Taxation Code Section 214(1) was not met; and that the portion or portions of Church properties used for religious training were not eligible for exemption.

In the course of recent meetings with representatives of several Churches of Scientology, the Churches' representatives indicated that their Churches did not promote and conduct religious training in the manner set forth above. Among other things, they stated:

(a) While Church doctrine, teachings, etc., and the way religious training is presented and conducted are the same for all Churches of Scientology, the religious training offered by individual churches may vary.

(b) Set fee schedules do not exist with respect to and set fees are not employed in conjunction with religious training. A religious tenet of fair "exchange" is applied by requesting suggested donations.

(c) Where "suggested donations" are received for religious training, the amounts are insubstantial, particularly when compared to the number of hours of training provided.

(d) There are instances in which religious training is provided for less than the "suggested donations," and also instances in which such training is provided free of any charge.

The typical church property consists of either a chapel, confessionals (where auditing takes place), areas used for religious training, and areas used for administrative support of both auditing and religious training, or confessionals, areas used for religious training, and areas used for administrative support for both but lacking a chapel. We offer the following guidelines* for use when processing Church of Scientology claims for exemption:

(1) Where the property has a chapel and the primary use of the building, land, and equipment is for religious worship, the church exemption will be available for the entire property, even if incidental uses are made of the property by the Church on a noninterfering basis. Religious worship is discussed in the Church Exemption and Welfare Exemption Handbooks, AH 262 and AH 267, respectively.

Incidental, noninterfering uses must be supportive of primary religious worship use, usually involve only present or prospective members of the congregation, and include religious training, church administration, church business meetings, and most activities of auxilliary organizations accountable to the local church authority.

The welfare exemption or the religious exemption will also be available where the property is owned by the Church. See 2 and 3, below. Of course, welfare exemption or religious exemption requirements will have to be met if the welfare exemption or the religious exemption is claimed instead of the church exemption.

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* We do not subscribe to the view that religious training is religious worship in light of the statutory scheme for exemptions, which differentiates between religious worship and religious purposes.

(2) Where the property has no chapel, the property is owned and operated by the Church, and the use of the building, land, and equipment is for religious purposes, the welfare exemption will be available for that portion of the property used exclusively for religious purposes. Religious purposes, like religious worship, is discussed in the Welfare Exemption and Church Exemption Handbooks, AH 267 and AH 262, respectively.

To the extent that religious training is provided and the welfare exemption is claimed then, it will be necessary for you to review the Church's operation in light of the requirement of Section 214(1) and the considerations expressed in items 1-5 and (a)-(d), above, as well as the other requirements of Section 214, and to make the initial determination as to whether the church is or is not being operated for profit in your field inspection report. In this regard, fee schedules and suggested donation schedules must be forwarded to us with the corresponding claim form, required financial statements, and your field inspection report.

(3) Where the property has a chapel, the property is owned and operated by the Church, and the property is used exclusively for religious worship or religious worship and the operation of a church school, the religious exemption will be available for the entire property, even if incidental uses are made of the property by the Church on a noninterfering basis. See 1, above, as to what uses constitute incidental, noninterfering uses.

Where the property has no chapel and the primary use of the property is other than for religious worship or religious worship and the operation of a church school, the welfare exemption is the applicable exemption. See 2, above.

Additional information regarding these three exemptions is set forth in our October 21, 1981 letter No. 81/140, which includes a "Dear Claimant" letter of explanation.

Any questions you may have regarding Churches of Scientology and the applicability of these exemptions should be directed to Mr. William L. Grommet, Assessment Standards Division; his telephone number is (916) 445-4982.

Sincerely,

Verne Walton

Verne Walton, Chief
Assessment Standards Division

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