

Issue Paper Number 16-10



- Board Meeting
- Business Taxes Committee
- Customer Services and Administrative Efficiency Committee
- Legislative Committee
- Property Tax Committee
- Other

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## Revision of Welfare Exemption Claim Forms

### I. Issue

What forms should the State Board of Equalization (Board) amend or adopt to implement the decision of the Second District Court of Appeal in *Jewish Community Centers Development Corporation v. County of Los Angeles* (2016) 243 Cal.App.4<sup>th</sup> 700 (*JCC*)<sup>1</sup>?

### II. Alternative 1 - Staff Recommendation

Staff recommends that the attached proposed BOE-267, *Claim For Welfare Exemption (First Filing)*, BOE-267-A, *20\_\_ Claim For Welfare Exemption (Annual Filing)*, and BOE-267-O, *Welfare Exemption Supplemental Affidavit, Organizations And Persons Using Claimant's Real Property*, be adopted by the Board.

### III. Other Alternative(s) Considered

None.

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<sup>1</sup> The decision can be viewed at: <http://www.courts.ca.gov/opinions/archive/B261022.PDF>.

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#### IV. Background

Revenue and Taxation Code<sup>2</sup> section 214 provides for the welfare exemption from property taxation. Section 214(a) provides, in part, that:

Property used exclusively for religious, hospital, scientific, or charitable purposes owned and operated by community chests, funds, foundations, limited liability companies, or corporations organized and operated for religious, hospital, scientific, or charitable purposes is exempt from taxation. . . .

For real property that is operated by an entity other than the owner, both the owner and operator must meet certain requirements. In order to determine eligibility, the Board's longstanding guidance has been that both the owner and operator must file a claim for an Organizational Clearance Certificate (OCC) with the Board to ensure that both the owner and the operator are organized and operated for an exempt purpose, and a claim for the welfare exemption in the county in which the property is located to ensure that the property is used for an exempt purpose.

Recently, however, the Court in *JCC* held that an operator of a property does not need to file a welfare exemption claim with the assessor or hold an OCC issued by the Board. With respect to welfare exemption claims, the Court reasoned that the statutes requiring claim filings (namely, sections 254.5 and 259.5) refer to a single *claimant* that must file a welfare exemption claim, and not multiple *claimants*. Furthermore, an operator cannot be subject to the filing requirements (i.e., be considered a claimant) imposed by the relevant statutory sections, because an operator does not own the property for which exemption is being sought. Since the operator is not the owner, there is no real property interest for which an operator needs to seek exemption. Therefore, based on the plain language of the statutes, an assessor may not require multiple welfare exemption claims (i.e., one by the owner and one by the operator) to be filed. With respect to the OCC, since the statute only requires organizations seeking the welfare exemption to file a claim for an OCC, and since an operator is not the organization seeking the welfare exemption, it is not required to file a claim for an OCC.

As a result of this case, while owners of property for which the welfare exemption is sought must file a claim for an OCC, an operator of such property need not. Therefore, while the Board must continue to determine whether *owners* of property for which exemption is being sought are organized and operated for an exempt purpose (granting OCCs to those that are), the assessor must now determine whether *operators* of property for which exemption is sought are organized and operated for an exempt purpose.

As has always been the case, regardless of whether the owner and operator are the same or separate entities, the assessor must still verify that the property is *operated* (being used) for an exempt purpose. However, when the operator is not also the owner of the property, *JCC* now requires that the assessor determine that an operator is also *organized* for an exempt purpose. We believe an assessor can make this determination by verifying that the operator is organized for an exempt purpose under either Internal Revenue Code section 501(c)(3) or section 23701d.

#### V. Discussion

Board staff worked with the California Assessors' Association and other interested parties to revise the welfare exemption claim forms to comply with the Court's holding in *JCC* and ensure they capture

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<sup>2</sup> All statutory references are to the Revenue and Taxation Code, unless otherwise provided.

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information necessary for an assessor to determine whether an operator of property is organized and operated for an exempt purpose. BOE-267 and BOE-267-A were revised to remove language indicating that both the owner and operator must file a separate welfare exemption claim form and that each must hold a valid OCC issued by the Board. In addition, formatting changes were proposed to simplify reporting of property types. BOE-267-O was created to assist property owners in providing information to county assessors regarding use of their real property by other organizations and persons.

The interaction with interested parties included:

- July 28, 2016: Staff released Letter To Assessors No. 2016/028 advising recipients of the revisions to the welfare exemption claim forms to comply with the Court's holding in *JCC*, releasing first drafts of the proposed forms, and inviting interested parties to submit suggestions and comments.
- August 26, 2016: Staff received comments from interested parties on the first drafts of the proposed forms by this date.
- September 15, 2016: Staff met with interested parties to discuss the proposed changes to the forms.
- September 22, 2016: Staff released second drafts of the proposed forms to interested parties.
- September 28, 2016: Staff received comments from interested parties on the second drafts of the proposed forms by this date.

## **VI. Alternative 1 - Staff Recommendation**

Staff recommends that the Board adopt the attached BOE-267, BOE-267-A, and BOE-267-O to comply with the revisions to the welfare exemption claim forms as a result of *JCC*.

### **A. Description of Alternative 1**

The attached BOE-267, BOE-267-A, and BOE-267-O were drafted for use by county assessors to provide to claimants seeking the welfare exemption.

After receiving comments from interested parties, the draft forms were revised to incorporate their suggestions. The attached forms represent consensus by interested parties on all issues.

### **B. Pros of Alternative 1**

Adoption of the attached BOE-267, BOE-267-A, and BOE-267-O will promote uniformity within the county assessors' offices throughout California and will comply with the revisions to the welfare exemption claim forms as a result of *JCC*.

### **C. Cons of Alternative 1**

None.

### **D. Statutory or Regulatory Change for Alternative 1**

None.

### **E. Operational Impact of Alternative 1**

None.

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**F. Administrative Impact of Alternative 1**

**1. Cost Impact**

Development of property tax forms is within the scope of the statutory duties of the County-Assessed Properties Division and will be absorbed by existing staff.

**2. Revenue Impact**

None.

**G. Taxpayer/Customer Impact of Alternative 1**

None.

**H. Critical Time Frames of Alternative 1**

Action by the Property Tax Committee at its October 2016 meeting will allow sufficient time for the forms to be implemented by county assessors before the January 1, 2017 lien date.

**VII. Other Alternatives**

**A. Description of Alternative**

None.

**Preparer/Reviewer Information**

Prepared by: Property Tax Department; County-Assessed Properties Division

Current as of: October 4, 2016

**CLAIM FOR WELFARE EXEMPTION (FIRST FILING)**

(For new locations and/or in-lieu of preprinted claim form BOE-267-A)

**This claim is filed for fiscal year 20 \_\_\_\_ - 20 \_\_\_\_.**

(Example: a claimant filing a timely claim in January 2017 would enter "2017-2018.")

LEGAL NAME OF ORGANIZATION

MAILING ADDRESS (number and street)

CITY, STATE, ZIP CODE

WEBSITE ADDRESS (if any)

CORPORATE OR LLC ID NO. (if any)

FEIN/EIN

CHECK ANY OF THE FOLLOWING ITEMS THAT HAVE BEEN CHANGED WITHIN THE LAST YEAR:  MAILING ADDRESS  ORGANIZATION NAME ORGANIZATION'S FORMATIVE DOCUMENT (an amendment to articles of incorporation, constitution, trust instrument, or articles of organization, etc.)

ORGANIZATIONAL CLEARANCE CERTIFICATE (OCC) NO: \_\_\_\_\_

Provide a copy of the certificate issued by the State Board of Equalization (Board) and a copy of the Finding Sheet issued by the Board.

If you do not have an OCC, have you filed a claim for an OCC with the Board?

 Yes  No If No, see the instructions page for information regarding obtaining an OCC

PRIOR YEAR FILINGS

Has the organization filed for the welfare exemption on any property in this county in prior years?  Yes  No If Yes, state latest year filed: \_\_\_\_\_**1. IDENTIFICATION OF PROPERTY**

a. ADDRESS OF PROPERTY (number and street, including suite/unit number if applicable)

CITY

ASSESSOR'S PARCEL/ASSESSMENT NUMBER

b. Is this a new location this year?  Yes  No c. When was the property put to exempt use (MM/DD/YYYY)?

d. Property owned by the claimant for which claimant seeks exemption (check applicable boxes):

- Real Property:  Personal Property  Taxable Possessory Interest
- Land  Buildings and Improvements

**2. REAL PROPERTY.** If claiming an exemption on real property, provide:

a. Date property acquired (MM/DD/YYYY):

b. **Land.** Area in acres or square feet:c. **Building and Improvements.** Building number or name, number of floors:d. **Use.** Describe primary and incidental use of the property:

e. Real property leased, rented, or used by others (since January 1 of the prior year)

Is any portion of the real property identified under Section 1 used or operated part-time or full-time by some person or organization other than the claimant?

 Yes  No If **Yes**, please submit BOE-267-O.**3. PERSONAL PROPERTY.** If claiming an exemption on personal property, provide:

a. Description (type) of the property:

b. **Use.** Describe primary and incidental use of the property:

c. Personal property owned by the claimant that is leased, rented, or used by others (since January 1 of the prior year)

Is any portion of the personal property identified under Section 1 used or operated by another party?

 Yes  No If **Yes**, attach a description of the property, its use, the name of the user, the amount received by you (if any), and a copy of the lease or agreement.

d. Equipment leased or rented from another person or organization (since January 1 of the prior year)

Is any portion of the equipment or other property at the location identified under Section 1 leased, rented, or consigned from another person or organization?

 Yes  No If **Yes**, attach a list of the equipment and other property, description of property, and name of whom you lease/rent the property from. Property so listed is not subject to the exemption, and will be assessed by the Assessor if owned by a taxable entity. If owned by a tax exempt organization, the property may be eligible for the welfare exemption.**4. TAXABLE POSSESSORY INTEREST.** If claiming an exemption on a taxable possessory interest, attach a copy of the current lease agreement and provide:

a. Name of the public owner (local, state, or federal agency) of the land, buildings, and/or improvements:

b. Description of the type of property that is leased from the public owner:

c. **Use.** Describe primary and incidental use of the property:

**5. USE OF PROPERTY****a. Operation of a store, thrift shop, or other facility** (since January 1 of the prior year)

(1) Is any portion of the property identified under Section 1 used to operate a store, thrift shop, or other facility that sells goods to members of the organization or to the general public?

Yes  No If **Yes**, (A) list the hours per week the business is operated and (B) describe the type of goods sold:

(2) Is the property used as a thrift shop as part of a planned, formal rehabilitation program?

Yes  No If **Yes**, submit BOE-267-R.

**b. Living quarters** (since January 1 of prior year)

Is any portion of the property identified under Section 1 used for living quarters (other than low-income or elderly or handicapped housing)?

Yes  No If **Yes**, describe that portion. Submit documentation that the housing is incidental to and reasonably necessary for the exempt purposes of the organization. If living quarters are associated with a rehabilitation program, submit BOE-267-R.

**c. Low-Income Housing**

Is any portion of the property identified under Section 1 used as low-income housing?

Yes  No If **Yes**, submit BOE-267-L if owned by a nonprofit organization or limited liability company; submit BOE-267-L1 if owned by a limited partnership.

**d. Elderly or handicapped Housing**

Is any portion of the property identified under Section 1 used as a facility for the elderly or handicapped?

Yes  No If **Yes**, submit BOE-267-H, unless care or services are provided or the property is financed by the federal government under, including but not limited to, sections 202, 231, 236, or 811 of the Federal Public Laws. Submit documentation on the type of financing or care/services provided.

**6. UNRELATED BUSINESS TAXABLE INCOME**

Is the property for which exemption is sought used for activities that produce income that is "unrelated business taxable income," as defined in section 512 of the Internal Revenue Code (IRC), and that is subject to the tax imposed by section 511 of the IRC?

Yes  No If **Yes**, attach each of the following:

1. The organization's information and tax returns filed with the Internal Revenue Service for the preceding fiscal year.
2. A statement setting forth the amount of time devoted to the organization's income producing and non-income producing activities, and, where applicable, a description of the portion of the property on which those activities are conducted.
3. A statement listing the specific activities which produce the unrelated business taxable income.
4. A statement setting forth the amount of income of the organization that is attributable to activities in the state and is exempt from income or franchise taxation, and the amount of total income of the organization that is attributable to activities in the state.

**7. EXPANSION**

Do you contemplate any capital investment in the property within the next year?  Yes  No If **Yes**, explain:

**8. FINANCIAL STATEMENTS**

Claimant must attach a copy of its operating statement (income and expenses) and balance sheet (assets and liabilities), which relate exclusively to the property identified under Section 1, for the calendar or fiscal year preceding the claim year.

**9. OTHER - EXEMPT ACTIVITY AND USE**

Please check all boxes that are applicable:

- The property is used for the actual operation of the exempt activity.
- The property is not used or operated by the owner or by any other person or organization so as to benefit any officer, trustee, director, shareholder, member, employee, contributor, or bondholder of the owner or operator, or any other person, through the distribution of profits, payment of excessive charges or compensations, or the more advantageous pursuit of the business or profession.
- The property is not used by the owners, operators, or members for fraternal or lodge purposes, or for social club purposes except where such use is clearly incidental to a primary religious, hospital, scientific, or charitable purpose.

**Whom should we contact during normal business hours for additional information?**

NAME		TITLE
DAYTIME TELEPHONE ( )	EMAIL ADDRESS	

**CERTIFICATION**

*I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.*

SIGNATURE OF CLAIMANT ▶	TITLE
NAME OF PERSON MAKING CLAIM	DATE

## INSTRUCTIONS FOR CLAIM FOR WELFARE EXEMPTION (FIRST FILING)

### EXEMPTION FROM PROPERTY TAXES UNDER SECTIONS 4(b) AND 5 OF ARTICLE XIII OF THE CONSTITUTION OF THE STATE OF CALIFORNIA AND SECTIONS 214, 254.5 AND 259.5 OF THE REVENUE AND TAXATION CODE

(See also sections 213.7, 214.01-214.1, 215.2, 221-222.5, 225.5, 231, 236, 254-254.6, 259.5, 261, and 270-272 of the Revenue and Taxation Code)

#### FILING OF CLAIM

A claim for the Welfare Exemption must be filed with the Assessor by the organization owning the property or, in the case where the real property is leased from a public owner (any local, state, or federal government agency), by the lessee organization having a taxable possessory interest<sup>1</sup> in the real property. Real property includes land and improvements. An officer or duly authorized representative of the organization filing the claim must sign the claim form. A separate claim form must be completed and filed for each property location for which exemption is being sought.

The organization filing the claim must provide information on all uses of the property, including information on use by other organizations or persons. Each claim must contain supporting documents, including financial statements.

#### ORGANIZATIONAL CLEARANCE CERTIFICATE

An organization seeking the Welfare Exemption shall file with the State Board of Equalization (Board) a claim for an Organizational Clearance Certificate (OCC). The Board reviews each claim to determine whether the organization meets the requirements of Revenue and Taxation Code section 214<sup>2</sup> and issues a certificate to claimants that meet these requirements. The Assessor may not approve a property tax exemption claim until the claimant has been issued a valid OCC. However, your organization may file a claim for exemption with the Assessor, even if the claimant has not yet received the certificate from the Board. If the claim is filed timely with the Assessor, the claim will be considered timely filed even if the claimant has not yet received the OCC from the Board.

To request an OCC, nonprofit organizations must file BOE-277 and limited liability companies must file BOE-277-LLC. These forms are available on the Board's website ([www.boe.ca.gov](http://www.boe.ca.gov)) or by contacting the Exemptions Section at 1-916-274-3430.

#### RECORDATION REQUIREMENT

Section 261 requires that an organization claiming the Welfare Exemption for its real property must have recorded its ownership interest as of the lien date (12:01 a.m., January 1) in the recorder's office of the county in which the property is located. A claimant which, on the lien date has a **possessory interest in publicly owned land, owns water rights, or owns improvements on land owned by another** may in lieu of recordation file a copy of the document giving rise to that possessory interest or water rights or file a written statement attesting to the separate ownership of those improvements with the Assessor. Failure to establish the fact of such recordation to the Assessor constitutes a **waiver** of the exemption.

#### TIME FOR FILING

To receive the full exemption, the claimant must **file a claim each year on or before February 15**. Only 90 percent of any tax or penalty or interest thereon may be canceled or refunded when a claim is filed between February 16 of the current year and January 1 of the following calendar year; if the application is filed thereafter, only 85 percent of any tax or penalty or interest thereon may be canceled or refunded. (For real property acquired after the January 1 lien date, to receive full exemption, the claim must be 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 occurs earlier. Refer to section 271.) The combined tax, penalty and interest may not exceed \$250.

#### BOARD-PREScribed FORMS REFERENCED ON THE CLAIM FORM AND IN THE INSTRUCTIONS

BOE-267-A, *20\_\_ Claim For Welfare Exemption (Annual Filing)*

BOE-267-H, *Welfare Exemption Supplemental Affidavit, Housing – Elderly Or Handicapped Families*

BOE-267-L, *Welfare Exemption Supplemental Affidavit, Housing – Lower Income Households*

BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Low-Income Housing Property Of Limited Partnership*

BOE-267-O, *Welfare Exemption Supplemental Affidavit, Organizations And Persons Using Claimant's Real Property*

BOE-267-R, *Welfare Exemption Supplemental Affidavit, Rehabilitation – Living Quarters*

BOE-277, *Claim For Organizational Clearance Certificate – Welfare Exemption*

BOE-277-LLC, *Claim For Organizational Clearance Certificate – Welfare Exemption – Limited Liability Company*

#### ADDITIONAL INFORMATION

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the property's use to determine whether both the owner and user of the property meet the requirements of Revenue and Taxation Code section 214.

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<sup>1</sup> A taxable possessory interest is defined as the taxable interest held by a private possessor in publically owned real property. (See Assessors' Handbook, Section 510, *Assessment of Taxable Possessory Interests* (Dec. 2002), page 1.)

<sup>2</sup> All further statutory references are to the Revenue and Taxation Code, unless otherwise specified.

## COMPLETION OF CLAIM FORM

**All questions must be answered.** Failure to answer all questions and provide requested information may result in denial of your claim. Use "not applicable" where needed. The following information is provided to assist you in answering specific questions on your claim.

The fiscal year for which exemption is being sought must be entered correctly. The proper fiscal year follows the lien date (12:01 a.m., January 1) as of which the taxable or exempt status of the property is determined. For example, a person filing a timely claim in February 2017 would enter "2017-2018"; a "2016-2017" entry on a claim filed in February 2017 would signify that a late claim was being filed for the preceding fiscal year.

### Section 1. IDENTIFICATION OF PROPERTY

Identify the situs location (address and city) and Assessor's Parcel/Assessment Number of the property owned for which you are seeking exemption; when the property was put to exempt use; and check the appropriate box(es) to indicate type(s) of property. Claimant is responsible for completing sections 2 through 4 depending on which box(es) are checked under section 1(d). Refer to P3 for the definition of real property and taxable possessory interest. Personal property is defined as all property except real property, such as office furniture, computers, and equipment.

**Section 2. REAL PROPERTY** Complete only if "Real Property" was checked under Section 1(d).

- (a) If the exemption is being claimed for real property, enter the date on which the property was acquired.
- (b) Indicate the area and the unit of measurement used (acres or square feet).
- (c) List all buildings and improvements on the land, using additional sheets if necessary.
- (d) Describe the primary use which should qualify the property for exemption and the incidental use(s) of the property since January 1 of the prior year.
- (e) If **Yes**, submit BOE-267-O, to provide information on every user of your real property.

**Section 3. PERSONAL PROPERTY** Complete only if "Personal Property" was checked under section 1(d).

Describe the type of personal property, and the primary use and incidental use(s) of the property since January 1 of the prior year. If yes to (c) or (d), then provide requested information.

**Section 4. TAXABLE POSSESSORY INTEREST** Complete only if "Taxable Possessory Interest" was checked under section 1(d).

Attach a copy of the current lease agreement, identify the public owner (local, state, or federal agency) of the publically owned land, buildings and/or improvements, and describe the type of property that is leased from the public owner.

### Section 5. USE OF PROPERTY

- (a)(1) If **Yes**, describe in sufficient detail to determine the volume of business and the hours open for business since January 1 of the prior year. If a business operation located on the listed parcel has been deliberately omitted because you do not desire the exemption on the business, so state.
- (a)(2) If **Yes**, submit BOE-267-R.
- (b) If **Yes**, describe the portion of the property used for living quarters. Submit documentation, including tenets, canons, or written policy, that indicates the organization requires housing be provided to employees and/or volunteers. Include a statement as to why such housing is incidental to and reasonably necessary for the exempt purpose of the organization and the occupant's role or position in the organization. (This question is not applicable where the exempt activity is providing housing, for example, homes for aged, youth, or mentally or physically disabled.) If living quarters are associated with a rehabilitation program, submit BOE-267-R.
- (c) If **Yes**, submit BOE-267-L if owned by a nonprofit organization or limited liability company; submit BOE-267-L1 if owned by a limited partnership.
- (d) If **Yes**, submit BOE-267-H, unless care or services are provided or the property is financed by the federal government under, including but not limited to, sections 202, 231, 236, or 811 of the Federal Public Laws. Submit documentation on the type of financing or care/services.

### Section 6. UNRELATED BUSINESS TAXABLE INCOME

If **Yes**, provide the documents and other information requested.

### Section 7. EXPANSION

If **Yes**, describe the type of investment contemplated and the reasons that make such expansion necessary.

### Section 8. FINANCIAL STATEMENTS

Submit the financial statements reflecting the operation of the subject property. The income and expenses should include only those that result from operation of the property. If compensation of personnel or other administrative expenses are pro-rated to the property, such pro-rata should be indicated. If the nature of an item of income or expense is not clear from the account name, further explanation indicating the nature of the account should be appended. **Your claim will not be processed until the financial statements are received by the Assessor.**

### Section 9. OTHER – EXEMPT ACTIVITY AND USE

Check the appropriate boxes to indicate the requested information.

**20 \_\_\_\_ CLAIM FOR WELFARE EXEMPTION (ANNUAL FILING)**

To receive the full exemption, a claimant must complete and file this form with the Assessor by February 15.

Organization Name and Mailing Address: (Make necessary corrections in ink to the printed name and address.)

Property Location:

This organization  owns  rents/leases the real property at this location:

Property No.: \_\_\_\_\_ Class: \_\_\_\_\_

Last year your organization received the Welfare Exemption for all or part of the property your organization owns at the location listed above. To continue receiving the exemption for the property you own at this location, you **must** complete, sign and return this claim form to the Assessor. **A separate claim form is required for each location.** The Assessor may contact you for additional information.

- A. If you no longer seek an exemption at this location, check here , sign and return this form to the Assessor. Date Vacated: \_\_\_\_\_
- B. If your organization is dissolved and therefore no longer needs an Organizational Clearance Certificate, check here
- C. Check, if changed within the last year:  Mailing Address  Organization Name
- D. Does your organization have a valid *Organizational Clearance Certificate* (OCC) issued by the State Board of Equalization?  Yes  No  
If **yes**, enter OCC No. \_\_\_\_\_ and date issued \_\_\_\_\_
- E. Have you amended the organization's formative documents (i.e., articles of incorporation, constitution, trust instrument, articles of organization) since last year?  Yes  No If **yes**, please mail a copy of the amendment to the State Board of Equalization, County-Assessed Properties Division, P.O. Box 942879, Sacramento, CA 94279-0064. Please include your OCC number. Note to Assessor's Office: If the organization is dissolved or the formative documents were amended, please forward a copy of this page to the Board of Equalization.

Read the information on the reverse side before completing. **All questions must be answered. If the answer to any question is "YES," explain in an attachment or complete the referenced form.** Contact the Assessor if any forms referenced below are needed to complete this application.

Identify the property that your organization **owns** at this location:

- Real property (land/buildings/improvements)  Personal property  Taxable Possessory Interest

**YES NO** Since January 1, last year:

- 1. Has the use on any portion of the property that received an exemption last year changed?
- 2. Is any portion of this property being used for exempt purposes that was not being used in that manner last year?
- 3. Is any portion of this property vacant or unused? If **yes**, since (date) \_\_\_\_\_ Area (sq.ft.) \_\_\_\_\_
- 4. Is any portion of this property used as a retail outlet or for other fundraising purposes? (**Note:** Thrift stores which are part of a planned, formal rehabilitation program may be exempt if BOE-267-R is filed with this claim.)
- 5. Is any portion of the property used for living quarters (other than transitional or emergency shelter, low-income housing or housing for the elderly or handicapped listed under questions 6 or 7)? If **yes**, and you claim exemption for this portion, submit documentation including the occupant's position or role in the organization including a statement indicating that the housing continues to be used for organization's exempt purpose (see "Housing" on reverse) or, if living quarters associated with a rehabilitation program, submit BOE-267-R.
- 6. Is this property used as low-income housing? If **yes**, and the property is owned by a nonprofit organization or eligible limited liability company, submit BOE-267-L. If **yes**, and the property is owned by a limited partnership, submit BOE-267-L1.
- 7. Is this property used as a housing for the elderly or handicapped? If **yes**, submit BOE-267-H unless care or services are provided or the property is financed by the federal government under, but not limited to, sections 202, 231, 236, or 811 of the Federal Public Laws.
- 8. Do other persons or organizations use any of this property? If **yes**, submit BOE-267-O.
- 9. Did this or any portion of this property generate taxable "unrelated business taxable income," as defined in section 512 of the Internal Revenue Code? If **yes**, see "Unrelated Income" on the reverse.
- 10. Have the organization's income and/or expenses increased by more than 25 percent since last year? If **yes**, attach a copy of your most recent and the prior year's complete financial statements along with an explanation of increase.
- 11. Is there any equipment or property at this location that is leased or rented to the claimant? If **yes**, provide the owner's name and address and a description of the property. This property may be taxable as it is not owned by the claimant.

NAME OF PERSON TO CONTACT FOR ADDITIONAL INFORMATION (please print)	DAYTIME TELEPHONE (    )
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I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

SIGNATURE OF CLAIMANT	TITLE	DATE
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EMAIL ADDRESS

<b>ASSESSOR'S USE ONLY</b>	Approved: <input type="checkbox"/> ALL <input type="checkbox"/> PART <input type="checkbox"/> Denied Reason(s) for Denial:

**GENERAL INFORMATION**

The Welfare Exemption is available only to property, real or personal, **owned** by a religious, charitable, hospital, or scientific organization and **used exclusively** for religious, charitable, hospital, or scientific purposes. It is also available on a taxable possessory interest in publically owned real property used for exempt purposes by an organization that qualifies for the welfare exemption. A public owner is a local, state or federal agency.

To be eligible for the full exemption, the claimant **must** file a claim each year on or before February 15. Only 90 percent of any tax, penalty, or interest may be canceled or refunded when a claim is filed between February 16 and December 31 of the current year. If the application is filed on or after January 1 of the next year, only 85 percent of any tax, penalty, or interest may be canceled or refunded. The tax, penalty, and interest for a given year may not exceed \$250. A separate claim must be completed and filed for each property for which exemption is sought.

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the property's use to determine whether both the owner and user of the property meet the requirements of Revenue and Taxation Code section 214.

**ORGANIZATIONAL CLEARANCE CERTIFICATE**

The Assessor may not approve a property tax exemption claim until the claimant has been issued a valid *Organizational Clearance Certificate* (OCC) by the State Board of Equalization. If you are seeking exemption on this property, you must provide the organization's OCC No. and date issued. A listing of organizations with valid OCCs is available on the Board's website ([www.boe.ca.gov](http://www.boe.ca.gov)) and can be accessed at [www.boe.ca.gov/proptaxes/welfareorgeligible.htm](http://www.boe.ca.gov/proptaxes/welfareorgeligible.htm). You may also contact the Board at 1-916-274-3430.

**HOUSING**

If question 5 is answered **yes**, describe the portion of the property used for living quarters (since January 1 of the prior year). Submit (1) documentation, including tenets, canons, or written policy, that indicates the organization requires housing be provided to employees and/or volunteers, or (2) include statement why such housing is incidental to and reasonably necessary for the exempt purpose of the organization. If the documentation described in items (1) or (2) has been submitted in a previous year for this location, please submit documentation including the occupant's position or role in the organization with a statement indicating that the housing continues to be used for organization's exempt purpose. (This question is not applicable where the exempt activity is **providing housing**.)

**USE OF THE PROPERTY BY OTHER ORGANIZATIONS**

If question 8 is answered **yes**, submit BOE-267-O.

**UNRELATED BUSINESS TAXABLE INCOME**

If question 9 is answered **yes**, you must attach the following to the claim:

- the organization's information and tax returns, including Form 990-T, filed with the Internal Revenue Service for its immediately preceding year;
- a statement setting forth the amount of time devoted to the organization's income-producing and to its non income-producing activities and, where applicable, a description of that portion of the property on which those activities are conducted;
- a statement listing the specific activities and locations which produce unrelated business taxable income; and
- a statement setting forth the amount of income of the organization that is attributable to activities in this state and is exempt from income or franchise taxation and the amount of total income of the organization that is attributable to activities in this state.

**SIGNATURE**

An officer or duly authorized representative of the organization **owning** the property must sign the claim.

ASSESSOR'S USE ONLY					
ASSESSED VALUES					
ITEM	TOTAL ASSESSED VALUE OF:				
	LAND	IMPROVEMENTS	PERSONAL PROPERTY	FIXTURES	TOTAL
ITEM	EXEMPTION ALLOWED				
	LAND	IMPROVEMENTS	PERSONAL PROPERTY	FIXTURES	TOTAL

If another exemption, such as the church, religious, etc., was allowed this year on a portion of the property described in the claim, indicate the type and amount of the exemption: \_\_\_\_\_ \$ \_\_\_\_\_  
(type) (amount)

By \_\_\_\_\_ (date)  
(Assessor or designee) (date)

**WELFARE EXEMPTION SUPPLEMENTAL AFFIDAVIT,  
ORGANIZATIONS AND PERSONS USING CLAIMANT'S REAL PROPERTY**

This claim is filed for fiscal year 20 \_\_\_\_ — 20 \_\_\_\_

This is a Supplemental Affidavit filed with:

- BOE-267, *Claim For Welfare Exemption (First Filing)*
- BOE-267-A, 20\_\_\_\_ *Claim For Welfare Exemption (Annual Filing)*

**Section 1. Identification of Claimant/Owner and Property**

LEGAL NAME OF ORGANIZATION		CORPORATE OR LLC ID NO. (if any)
ADDRESS OF PROPERTY (number and street)	CITY	ASSESSOR'S PARCEL/ASSESSMENT NUMBER

**Section 2. Organizations and Persons Using Owner's Real Property** (Attach additional copies of this form, if necessary)

Total Number of Users: \_\_\_\_\_

**Part A**

a. NAME OF ORGANIZATIONS OR PERSON (including DBA name, if applicable)		
b. PHONE NUMBER OR EMAIL ADDRESS	c. NEW USER THIS YEAR? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date use began: _____	
d. DESCRIPTION OF PROPERTY USED BY ORGANIZATION/PERSON LISTED IN (a) ABOVE (type of property and portions of property used, including square footage):		
e. CURRENT LEASE OR AGREEMENT ATTACHED? <input type="checkbox"/> Yes <input type="checkbox"/> No, submitted with a previous filing <input type="checkbox"/> No written agreement	f. IS EXEMPTION REQUESTED ON THE PORTION OF PROPERTY USED BY THIS USER? <input type="checkbox"/> Yes (complete Part B for this user) <input type="checkbox"/> No (no further information required for this user)	

**Part B**

a. DESCRIPTION OF THE USER'S USE OF THE PROPERTY:		
b. FREQUENCY OF USE (daily, once per week, etc):	c. RENT OR FEES RECEIVED FROM USER (amount and frequency):	
d. DOES THE USER HAVE AN ORGANIZATIONAL CLEARANCE CERTIFICATE (OCC)? <input type="checkbox"/> Yes, OCC NO. _____ <input type="checkbox"/> No (additional documents may be required, see instructions)	e. PURPOSE(S) ORGANIZED FOR: <input type="checkbox"/> Charitable <input type="checkbox"/> Religious <input type="checkbox"/> Hospital <input type="checkbox"/> Scientific <input type="checkbox"/> Other _____	
f. TAX EXEMPT STATUS (check applicable box and submit copy of tax exempt status letter, if not submitted with a previous filing) INTERNAL REVENUE CODE: <input type="checkbox"/> Section 501(c)(3) <input type="checkbox"/> Section 501(c)(4) REVENUE AND TAXATION CODE: <input type="checkbox"/> Section 23701d <input type="checkbox"/> Section 23701f <input type="checkbox"/> Section 23701w <input type="checkbox"/> NOT TAX EXEMPT		

**Part A**

a. NAME OF ORGANIZATIONS OR PERSON (including DBA name, if applicable)		
b. PHONE NUMBER OR EMAIL ADDRESS	c. NEW USER THIS YEAR? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, date use began: _____	
d. DESCRIPTION OF PROPERTY USED BY ORGANIZATION/PERSON LISTED IN (a) ABOVE (type of property and portions of property used, including square footage):		
e. CURRENT LEASE OR AGREEMENT ATTACHED? <input type="checkbox"/> Yes <input type="checkbox"/> No, submitted with a previous filing <input type="checkbox"/> No written agreement	f. IS EXEMPTION REQUESTED ON THE PORTION OF PROPERTY USED BY THIS USER? <input type="checkbox"/> Yes (complete Part B for this user) <input type="checkbox"/> No (no further information required for this user)	

**Part B**

a. DESCRIPTION OF THE USER'S USE OF THE PROPERTY:		
b. FREQUENCY OF USE (daily, once per week, etc):	c. RENT OR FEES RECEIVED FROM USER (amount and frequency):	
d. DOES THE USER HAVE AN ORGANIZATION CLEARANCE CERTIFICATE (OCC)? <input type="checkbox"/> Yes, OCC NO. _____ <input type="checkbox"/> No (additional documents may be required, see instructions)	e. PURPOSE(S) ORGANIZED FOR: <input type="checkbox"/> Charitable <input type="checkbox"/> Religious <input type="checkbox"/> Hospital <input type="checkbox"/> Scientific <input type="checkbox"/> Other _____	
f. TAX EXEMPT STATUS (check applicable box and submit copy of tax exempt status letter, if not submitted with a previous filing) INTERNAL REVENUE CODE: <input type="checkbox"/> Section 501(c)(3) <input type="checkbox"/> Section 501(c)(4) REVENUE AND TAXATION CODE: <input type="checkbox"/> Section 23701d <input type="checkbox"/> Section 23701f <input type="checkbox"/> Section 23701w <input type="checkbox"/> NOT TAX EXEMPT		

**CERTIFICATION**

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

SIGNATURE OF PERSON MAKING CLAIM	TITLE
NAME OF PERSON MAKING CLAIM	DATE

**INSTRUCTIONS FOR FILING  
WELFARE EXEMPTION SUPPLEMENTAL AFFIDAVIT  
ORGANIZATIONS AND PERSONS USING CLAIMANT'S REAL PROPERTY**

**FILING OF AFFIDAVIT**

This affidavit must be filed by the owner of real property when another organization or person uses that real property. A separate affidavit must be filed for each location. This affidavit supplements the claim for welfare exemption, which must be filed with the county assessor by February 15 to avoid a late filing penalty under Revenue and Taxation Code section 270. The information provided on this affidavit is used by the assessor to determine how the property is being used and by whom. If this form is not completed, the claimant/owner may be denied the exemption.

The welfare exemption requires that property be used exclusively for religious, charitable, hospital, or scientific purposes by qualifying organizations; however, it does not require that the owner be the only user of the property. Therefore, an owner may allow other organizations to use its property and still qualify for exemption, if the welfare exemption requirements are met. In order for property owned by one organization and used by another to be eligible for the welfare exemption, the owner and user of the property must be organized for exempt purposes and the property must be used for exempt purposes.

Organizations using the real property more than once a week must be exempt from federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code or exempt from state franchise or income tax under the provisions of section 23701d of the Revenue and Taxation Code. Organizations using the property once a week or less may also be exempt under 501(c)(4) of the Internal Revenue Code or 23701f or 23701w of the Revenue and Taxation Code.

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the property's use to determine whether both the owner and user of the property meet the requirements of Revenue and Taxation Code section 214.

**SECTION 1. Identification of Claimant/Owner and Property.**

Identify the name of the organization that owns the real property (the claimant), and the address and Assessor's Parcel/Assessment Number of the property on which the exemption is being sought. Provide the organization's corporate identification number, if it is a nonprofit corporation, or number assigned by the Secretary of State, if it is a limited liability company.

**SECTION 2. Organizations and Persons Using Owner's Real Property.**

State the total number of organizations and/or persons, other than the claimant, that use the claimant's property.

**Part A – Must be completed for all users of the claimant's real property.**

- a. Provide the name of the organization or person using the property, including the DBA name, if applicable.
- b. Provide a contact phone number or email address for the user.
- c. Check the appropriate box to indicate if the user is new this year. If yes, state the date the property was first used by the user.
- d. Provide a description of the property used by the user, including room number(s), suite number(s), and square footage used.
- e. Check the appropriate box to indicate if the current lease or agreement is attached. Attach a copy of the current lease or agreement, if not submitted with a previous filing.
- f. Check the appropriate box to indicate if requesting exemption on the portion of the property used by the user. If yes, complete Part B for the user. If no, no further information is required for the user.

**Part B – Complete if seeking exemption on the portion of the property used by the user.**

- a. Describe how the user uses the property, including all primary and incidental uses.
- b. Indicate how often the user uses the property, for example, "daily," "twice per week," etc.
- c. State the rent or fees received from the user, including the amount and frequency.
- d. Check the appropriate box to indicate if the user holds an OCC. If yes, provide the OCC number. Note: A user of the property is not required to hold an OCC. If the user does not hold an OCC, the assessor may request additional information.
- e. Check the appropriate box(es) to indicate the purpose for which the organization is organized. If "Other" is checked, specify the purpose.
- f. Check the appropriate box(es) to indicate the tax exempt status of the user. If you are filing this affidavit with the *Claim for Welfare Exemption (First Filing)* (BOE-267), submit a copy of the user's tax exempt status letter. If you are filing this affidavit with your annual filing (BOE-267-A), and the property is operated by any organization(s) you have not previously reported to the assessor, submit a copy of the tax exempt status letter for each new user.