

ASSEMBLY BILL

No. 737

Introduced by Assembly Member Roger Hernández

February 25, 2015

An act to amend Section 202 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 737, as introduced, Roger Hernández. Property taxation: exempt property.

Existing property tax law exempts from property taxation, property used for free public libraries and free museums.

This bill would make nonsubstantive changes to that provision.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 202 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 202. (a) The exemption of the following property is as
- 4 specified in subdivisions (a), (b), (d), and (h) of Section 3 of Article
- 5 XIII of the Constitution, except as otherwise provided in
- 6 subdivision (a) of Section 11 thereof:
- 7 (1) Growing crops.
- 8 (2) Property used for ~~free~~ public libraries and ~~free~~ museums
- 9 *that are free.*

1 (3) Property used exclusively for public schools, community
2 colleges, state colleges, and state universities, including the
3 University of California.

4 (4) Property belonging to this state, a county, or a city. Property
5 belonging to the State Compensation Insurance Fund is not
6 property belonging to this state.

7 (b) The exemption described in paragraph (3) of subdivision
8 (a) shall apply to off-campus facilities owned or leased by an
9 apprenticeship program sponsor, if such facilities are used
10 exclusively by the public schools for classes of related and
11 supplemental instruction for apprentices or trainees which are
12 conducted by the public schools under Chapter 4 (commencing
13 with Section 3070) of Division 3 of the Labor Code.

14 (c) Without prejudice to the right to assert an exemption
15 otherwise available under subdivision (a), (d), or (e) of Section 3
16 of Article XIII of the Constitution, a property tax under this
17 division shall be imposed upon that portion of the bookstore
18 property determined to be generating the unrelated business taxable
19 income, as defined in Section 512 of the Internal Revenue Code,
20 to the extent property is:

21 (1) Owned by an educational institution of collegiate grade or
22 used by a nonprofit corporation operating a student bookstore
23 affiliated with such an educational institution, and

24 (2) Is primarily devoted to bookstore use that produces income
25 that is taxable as unrelated business taxable income.

26 This tax shall be determined by establishing a ratio of the
27 unrelated business taxable income to the bookstore's gross income
28 as defined by the Internal Revenue Code. That percent shall be the
29 maximum percentage of such bookstore property on which a
30 property tax can be levied.

31 At the end of a fiscal year when unrelated business income has
32 been generated, the nonprofit organization shall file with the
33 assessor copies of the organization's most recent tax return filed
34 with the Internal Revenue Service.