

**Introduced by Senators Anderson and Vidak
(Coauthors: Senators Gaines and Nielsen)**

(Coauthors: Assembly Members Achadjian, Travis Allen, Bigelow,
Brown, Beth Gaines, Grove, Linder, Melendez, and Wilk)

December 1, 2014

An act to amend Section 215.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 2, as introduced, Anderson. Property taxation: exemptions: veterans' organizations.

Existing property tax law establishes a veterans' organization exemption under which property is exempt from taxation if, among other things, that property is used exclusively for charitable purposes and is owned by a veterans' organization.

This bill would provide that the veterans' organization exemption shall not be denied to a property on the basis that the property is used for fraternal, lodge, or social club purposes, and would make specific findings and declarations in that regard. The bill would also provide that the exemption shall not apply to any portion of a property that consists of a bar where alcoholic beverages are served.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

1 SECTION 1. Section 215.1 of the Revenue and Taxation Code
2 is amended to read:

3 215.1. (a) All buildings, and so much of the real property on
4 which the buildings are situated as may be required for the
5 convenient use and occupation of the buildings, used exclusively
6 for charitable purposes, owned by a veterans' organization ~~which~~
7 *that* has been chartered by the Congress of the United States,
8 organized and operated for charitable purposes, *and exempt from*
9 *federal income tax as an organization described in Section*
10 *501(c)(19) of the Internal Revenue Code* when the same are used
11 solely and exclusively for the purpose of the organization, if not
12 conducted for profit and no part of the net earnings of which inures
13 to the benefit of any private individual or member thereof, shall
14 be exempt from taxation.

15 (b) The exemption provided for in this section shall apply to
16 the property of all organizations meeting the requirements of this
17 ~~section and section~~ *section*, subdivision (b) of Section 4 of Article XIII of
18 the California ~~Constitution~~ *Constitution*, and paragraphs (1) to ~~(7)~~,
19 ~~inclusive~~, (4), *inclusive*, (6), and (7) of subdivision (a) of Section
20 214.

21 (c) (1) *The exemption specified by subdivision (a) shall not be*
22 *denied to a property on the basis that the property is used for*
23 *fraternal, lodge, or social club purposes.*

24 (2) *With regard to this subdivision, the Legislature finds and*
25 *declares all of the following:*

26 (A) *The exempt activities of a veterans' organization as*
27 *described in subdivision (a) qualitatively differ from the exempt*
28 *activities of other nonprofit entities that use property for fraternal,*
29 *lodge, or social club purposes in that the exempt purpose of the*
30 *veterans' organization is to conduct programs to perpetuate the*
31 *memory of deceased veterans and members of the Armed Forces*
32 *and to comfort their survivors, to conduct programs for religious,*
33 *charitable, scientific, literary, or educational purposes, to sponsor*

1 *or participate in activities of a patriotic nature, and to provide*
2 *social and recreational activities for their members.*

3 *(B) In light of this distinction, the use of real property by a*
4 *veterans’ organization as described in subdivision (a), for*
5 *fraternal, lodge, or social club purposes is central to that*
6 *organization’s exempt purposes and activities.*

7 *(C) In light of the factors set forth in subparagraphs (A) and*
8 *(B), the use of real property by a veterans’ organization as*
9 *described in subdivision (a) for fraternal, lodge, or social club*
10 *purposes, constitutes the exclusive use of that property for a*
11 *charitable purpose within the meaning of subdivision (b) of Section*
12 *4 of Article XIII of the California Constitution.*

13 *(d) The exemption provided for in this section shall not apply*
14 *to any portion of a property that consists of a bar where alcoholic*
15 *beverages are served. The portion of the property ineligible for*
16 *the veterans’ organization exemption shall be that area used*
17 *primarily to prepare and serve alcoholic beverages.*

18 ~~(e)~~

19 *(e) An organization that files a claim for the exemption provided*
20 *for in this section shall file with the assessor a valid organizational*
21 *clearance certificate issued pursuant to Section 254.6.*

22 ~~(f)~~

23 *(f) This exemption shall be known as the “veterans’ organization*
24 *exemption.”*

25 SEC. 2. Notwithstanding Section 2229 of the Revenue and
26 Taxation Code, no appropriation is made by this act and the state
27 shall not reimburse any local agency for any property tax revenues
28 lost by it pursuant to this act.

29 SEC. 3. This act provides for a tax levy within the meaning of
30 Article IV of the Constitution and shall go into immediate effect.