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AMENDED IN SENATE JULY 15, 1999

AMENDED IN ASSEMBLY MAY 18, 1999

AMENDED IN ASSEMBLY APRIL 7, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1559

Introduced by Assembly Member Wiggins
(Coauthor: Senator Chesbro)

February 26, 1999

An act to amend Sections 214 and 254.5 of, and to add Section 214.15 to, the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1559, as amended, Wiggins. Property tax welfare exemption: low- and moderate-income housing.

Existing property tax law establishes a welfare exemption under which property is exempt from taxation if, among other things, that property is used exclusively for religious, hospital, scientific, or charitable purposes and is owned and operated by an entity, as provided, that is itself organized and operated for those purposes. ~~Existing law prohibits this exemption from applying to property used exclusively for housing and related facilities for elderly or handicapped families, if either supplemental care or services designed to meet the special needs of elderly or handicapped residents are not provided or~~

~~the property is not financed by the federal government pursuant to certain provisions of federal law. Existing law instead allows, with respect to any property so prohibited from receiving a welfare exemption, a partial welfare exemption in accordance with that proportion of the property that consists of low and moderate income housing.~~

~~This bill would clarify these prohibition and partial exemption provisions.~~

~~Existing property tax~~ Existing law also establishes a partial welfare exemption for property used exclusively for rental housing and related facilities and owned and operated by a nonprofit entity or veterans' organization that meets exemption requirements. This partial exemption corresponds to the proportion of the property that serves lower income households and ~~is subject to certain requirements~~ *applies in certain instances*, including *the instance in which* a minimum of 20% of households ~~being~~ *are* lower income households with rent not in excess of a statutorily prescribed level ~~and~~. *This partial exemption requires, among other things,* the certification by the owner that the property is subject to a deed restriction, agreement, or other legal document that restricts the property's usage, as provided.

This bill would eliminate the *application of the exemption in the instance in which the 20% requirement lower income standard is met* and would revise the certification requirement to instead require a property owner to certify the existence of *an enforceable and verifiable agreement with a public agency or* a recorded deed restriction with respect to the property's usage.

This bill would also clarify that the welfare exemption applies to property that is owned and operated by a nonprofit corporation, otherwise qualifying for the welfare exemption, that is organized and operated for the purpose of building and rehabilitating single-family or multifamily residences for sale, as provided, at cost to low-income families. This bill would, in the case of property not previously designated as open space, also specify that the welfare exemption as so applied may not be denied on the basis that the subject property does not currently include a residence or a residence under construction. This bill would, with respect to exempt property



as so described, also apply provisions that, subject to certain conditions, exclude a welfare exemption claimant from annual exemption reapplication requirements.

This bill would make legislative findings and declarations that certain of the changes made by this bill do not constitute a change in, but are declaratory of, existing law.

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 result in a change in state taxes for the purpose of increasing state revenues within the meaning of Section 3 of Article XIII-A of the California Constitution, and thus would require for passage the approval of 2/3 of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy, but its provisions would apply commencing on the January 1, 2000, property tax lien date.

Vote: ~~majority~~ 2/3. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 214 of the Revenue and Taxation
2 Code is amended to read:
3 214. (a) Property used exclusively for religious,
4 hospital, scientific, or charitable purposes owned and
5 operated by community chests, funds, foundations or
6 corporations organized and operated for religious,
7 hospital, scientific, or charitable purposes is exempt from
8 taxation, including ad valorem taxes to pay the interest
9 and redemption charges on any indebtedness approved
10 by the voters prior to July 1, 1978, or any bonded
11 indebtedness for the acquisition or improvement of real
12 property approved on or after July 1, 1978, by two-thirds



1 of the votes cast by the voters voting on the proposition,
2 if:

3 (1) The owner is not organized or operated for profit.
4 However, in the case of hospitals, the organization shall
5 not be deemed to be organized or operated for profit if,
6 during the immediately preceding fiscal year, operating
7 revenues, exclusive of gifts, endowments and
8 grants-in-aid, did not exceed operating expenses by an
9 amount equivalent to 10 percent of those operating
10 expenses. As used herein, operating expenses include
11 depreciation based on cost of replacement and
12 amortization of, and interest on, indebtedness.

13 (2) No part of the net earnings of the owner inures to
14 the benefit of any private shareholder or individual.

15 (3) The property is used for the actual operation of the
16 exempt activity, and does not exceed an amount of
17 property reasonably necessary to the accomplishment of
18 the exempt purpose.

19 (A) For the purposes of determining whether the
20 property is used for the actual operation of the exempt
21 activity, consideration shall not be given to use of the
22 property for either or both of the following described
23 activities if that use is occasional:

24 (i) The owner conducts fundraising activities on the
25 property and the proceeds derived from those activities
26 are not unrelated business taxable income, as defined in
27 Section 512 of the Internal Revenue Code, of the owner
28 and are used to further the exempt activity of the owner.

29 (ii) The owner permits any other organization that
30 meets all of the requirements of this subdivision, other
31 than ownership of the property, to conduct fundraising
32 activities on the property and the proceeds derived from
33 those activities are not unrelated business taxable
34 income, as defined in Section 512 of the Internal Revenue
35 Code, of the organization, are not subject to the tax on
36 unrelated business taxable income that is imposed by
37 Section 511 of the Internal Revenue Code, and are used
38 to further the exempt activity of the organization.

39 (B) For purposes of subparagraph (A):



1 (i) “Occasional use” means use of the property on an
2 irregular or intermittent basis by the qualifying owner or
3 any other qualifying organization described in clause (ii)
4 of subparagraph (A) that is incidental to the primary
5 activities of the owner or the other organization.

6 (ii) “Fundraising activities” means both activities
7 involving the direct solicitation of money or other
8 property and the anticipated exchange of goods or
9 services for money between the soliciting organization
10 and the organization or person solicited.

11 (C) Subparagraph (A) shall have no application in
12 determining whether paragraph (3) has been satisfied
13 unless the owner of the property and any other
14 organization using the property as provided in
15 subparagraph (A) have filed with the assessor duplicate
16 copies of valid unrevoked letters or rulings from the
17 Internal Revenue Service that state that the owner and
18 the other organization qualify as exempt organizations
19 under Section 501(c)(3) of the Internal Revenue Code.
20 The owner of the property and any other organization
21 using the property as provided in subparagraph (A) also
22 shall file duplicate copies of their most recently filed
23 federal income tax returns.

24 (D) For the purposes of determining whether the
25 property is used for the actual operation of the exempt
26 activity, consideration shall not be given to the use of the
27 property for meetings conducted by any other
28 organization if the meetings are incidental to the other
29 organization’s primary activities, are not fundraising
30 meetings or activities as defined in subparagraph (B), are
31 held no more than once per week, and the other
32 organization and its use of the property meet all other
33 requirements of paragraphs (1) to (5), inclusive, of
34 subdivision (a). The owner or the other organization also
35 shall file with the assessor duplicate copies of valid,
36 unrevoked letters or rulings from the Internal Revenue
37 Service or the Franchise Tax Board stating that the other
38 organization, or the national organization of which it is a
39 local chapter or affiliate, qualifies as an exempt
40 organization under Section 501(c)(3) or Section



1 501(c)(4) of the Internal Revenue Code or Section
2 23701d, 23701f, or 23701w, together with duplicate copies
3 of that organization's most recently filed federal income
4 tax return, if the organization is required by federal law
5 to file a return.

6 Nothing in subparagraph (A), (B), (C), or (D) shall be
7 construed to either enlarge or restrict the exemption
8 provided for in subdivision (b) of Section 4 and Section
9 5 of Article XIII of the California Constitution and this
10 section.

11 (4) The property is not used or operated by the owner
12 or by any other person so as to benefit any officer, trustee,
13 director, shareholder, member, employee, contributor,
14 or bondholder of the owner or operator, or any other
15 person, through the distribution of profits, payment of
16 excessive charges or compensations, or the more
17 advantageous pursuit of their business or profession.

18 (5) The property is not used by the owner or members
19 thereof for fraternal or lodge purposes, or for social club
20 purposes except where that use is clearly incidental to a
21 primary religious, hospital, scientific, or charitable
22 purpose.

23 (6) The property is irrevocably dedicated to religious,
24 charitable, scientific, or hospital purposes and upon the
25 liquidation, dissolution or abandonment of the owner will
26 not inure to the benefit of any private person except a
27 fund, foundation, or corporation organized and operated
28 for religious, hospital, scientific, or charitable purposes.

29 (7) The property, if used exclusively for scientific
30 purposes, is used by a foundation or institution that, in
31 addition to complying with the foregoing requirements
32 for the exemption of charitable organizations in general,
33 has been chartered by the Congress of the United States
34 (except that this requirement shall not apply when the
35 scientific purposes are medical research), and whose
36 objects are the encouragement or conduct of scientific
37 investigation, research, and discovery for the benefit of
38 the community at large.

39 The exemption provided for herein shall be known as
40 the "welfare exemption." This exemption shall be in



1 addition to any other exemption now provided by law,
2 and the existence of the exemption provision in
3 paragraph (2) of subdivision (a) of Section 202 shall not
4 preclude the exemption under this section for museum or
5 library property. Except as provided in subdivision (e),
6 this section shall not be construed to enlarge the college
7 exemption.

8 (b) Property used exclusively for school purposes of
9 less than collegiate grade and owned and operated by
10 religious, hospital, or charitable funds, foundations, or
11 corporations, which property and funds, foundations, or
12 corporations meet all of the requirements of subdivision
13 (a), shall be deemed to be within the exemption provided
14 for in subdivision (b) of Section 4 and Section 5 of Article
15 XIII of the California Constitution and this section.

16 (c) Property used exclusively for nursery school
17 purposes and owned and operated by religious, hospital,
18 or charitable funds, foundations, or corporations, which
19 property and funds, foundations, or corporations meet all
20 the requirements of subdivision (a), shall be deemed to
21 be within the exemption provided for in subdivision (b)
22 of Section 4 and Section 5 of Article XIII of the California
23 Constitution and this section.

24 (d) Property used exclusively for a noncommercial
25 educational FM broadcast station or an educational
26 television station, and owned and operated by religious,
27 hospital, scientific, or charitable funds, foundations, or
28 corporations meeting all of the requirements of
29 subdivision (a), shall be deemed to be within the
30 exemption provided for in subdivision (b) of Section 4
31 and Section 5 of Article XIII of the California Constitution
32 and this section.

33 (e) Property used exclusively for religious, charitable,
34 scientific, or hospital purposes and owned and operated
35 by religious, hospital, scientific, or charitable funds,
36 foundations, or corporations or educational institutions of
37 collegiate grade, as defined in Section 203, which
38 property and funds, foundations, corporations, or
39 educational institutions meet all of the requirements of
40 subdivision (a), shall be deemed to be within the



1 exemption provided for in subdivision (b) of Section 4
2 and Section 5 of Article XIII of the California Constitution
3 and this section. As to educational institutions of
4 collegiate grade, as defined in Section 203, the
5 requirements of paragraph (6) of subdivision (a) shall be
6 deemed to be met if both of the following are met:

7 (1) The property of the educational institution is
8 irrevocably dedicated in its articles of incorporation to
9 charitable and educational purposes, to religious and
10 educational purposes, or to educational purposes.

11 (2) The articles of incorporation of the educational
12 institution provide for distribution of its property upon its
13 liquidation, dissolution, or abandonment to a fund,
14 foundation, or corporation organized and operated for
15 religious, hospital, scientific, charitable, or educational
16 purposes meeting the requirements for exemption
17 provided by Section 203 or this section.

18 (f) ~~(1)~~—Property used exclusively for housing and
19 related facilities for elderly or handicapped families and
20 financed by, including, but not limited to, the federal
21 government pursuant to Section 202 of Public Law 86-372
22 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public
23 Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public
24 Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public
25 Law 101-625 (42 U.S.C. Sec. 8013), and owned and
26 operated by religious, hospital, scientific, or charitable
27 funds, foundations, or corporations meeting all of the
28 requirements of this section shall be deemed to be within
29 the exemption provided for in subdivision (b) of Section
30 4 and Section 5 of Article XIII of the California
31 Constitution and this section.

32 The amendment of this paragraph made by Chapter
33 1102 of the Statutes of 1984 does not constitute a change
34 in, but is declaratory of, the existing law. However, no
35 refund of property taxes shall be required as a result of
36 this amendment for any fiscal year prior to the fiscal year
37 in which the amendment takes effect.

38 ~~(2) Property used exclusively for housing and related~~
39 ~~facilities for elderly or handicapped families shall not be~~



1 eligible for a full exemption if that property fails to
2 comply with either of the following:

3 (A) Supplemental care or services designed to meet
4 the special needs of elderly or handicapped residents are
5 provided at the housing and related facilities.

6 (B) The property is financed by the federal
7 government pursuant to Section 202 of Public Law 86-372
8 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public
9 Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public
10 Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public
11 Law 101-625 (42 U.S.C. Sec. 8013).

12 Any property used exclusively for housing and related
13 facilities for elderly or handicapped families that would
14 qualify for full exemption but for its failure to comply with
15 either of these conditions shall instead be entitled to a
16 partial exemption.

17 *Property used exclusively for housing and related*
18 *facilities for elderly or handicapped families at which*
19 *supplemental care or services designed to meet the*
20 *special needs of elderly or handicapped residents are not*
21 *provided, or that is not financed by the federal*
22 *government pursuant to Section 202 of Public Law 86-372*
23 *(12 U.S.C. Sec. 1701q), as amended, Section 231 of Public*
24 *Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public*
25 *Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public*
26 *Law 101-625 (42 U.S.C. Sec. 8013), shall not be entitled to*
27 *exemption pursuant to this subdivision unless the*
28 *property is used for housing and related facilities for low-*
29 *and moderate-income elderly or handicapped families.*
30 *Property that would otherwise be exempt pursuant to*
31 *this subdivision, except that it includes some housing and*
32 *related facilities for other than low- or moderate-income*
33 *elderly or handicapped families, shall be entitled to a*
34 *partial exemption. The partial exemption shall be equal*
35 *to that percentage of the value of the property that is*
36 *equal to the percentage that the number of low- and*
37 *moderate-income elderly and handicapped families*
38 *occupying the property represents of the total number of*
39 *families occupying the property.*



1 As used in this subdivision, “low and moderate income”
2 has the same meaning as the term “persons and families
3 of low or moderate income” as defined by Section 50093
4 of the Health and Safety Code.

5 (g) (1) Property used exclusively for rental housing
6 and related facilities and owned and operated by
7 religious, hospital, scientific, or charitable funds,
8 foundations, or corporations, including limited
9 partnerships in which the managing general partner is an
10 eligible nonprofit corporation, meeting all of the
11 requirements of this section, or by veterans’
12 organizations, as described in Section 215.1, meeting all
13 the requirements of paragraphs (1) to (7), inclusive, of
14 subdivision (a), shall be deemed to be within the
15 exemption provided for in subdivision (b) of Section 4
16 and Section 5 of Article XIII of the California Constitution
17 and this section and shall be entitled to a partial
18 exemption equal to that percentage of the value of the
19 property that the portion of the property serving lower
20 income households represents of the total property in any
21 year in which either of the following criteria applies:

22 (A) The acquisition, rehabilitation, development, or
23 operation of the property, or any combination of these
24 factors, is financed with tax-exempt mortgage revenue
25 bonds or general obligation bonds, or is financed by local,
26 state, or federal loans or grants and the rents of the
27 occupants who are lower income households do not
28 exceed those prescribed by deed restrictions or
29 regulatory agreements pursuant to the terms of the
30 financing or financial assistance.

31 (B) The owner of the property is eligible for and
32 receives low-income housing tax credits pursuant to
33 Section 42 of the Internal Revenue Code of 1986, as added
34 by Public Law 99-514.

35 (2) In order to be eligible for the exemption provided
36 by this subdivision, the owner of the property shall do
37 both of the following:

38 (A) Certify and ensure that there is *an enforceable*
39 *and verifiable agreement with a public agency or*, a
40 recorded deed restriction, that restricts the project’s



1 usage and that provides that the units designated for use
2 by lower income households are continuously available to
3 or occupied by lower income households at rents that do
4 not exceed those prescribed by Section 50053 of the
5 Health and Safety Code, or, to the extent that the terms
6 of federal, state, or local financing or financial assistance
7 conflicts with Section 50053, rents that do not exceed
8 those prescribed by the terms of the financing or financial
9 assistance.

10 (B) Certify that the funds that would have been
11 necessary to pay property taxes are used to maintain the
12 affordability of, or reduce rents otherwise necessary for,
13 the units occupied by lower income households.

14 (3) As used in this subdivision, “lower income
15 households” has the same meaning as the term “lower
16 income households” as defined by Section 50079.5 of the
17 Health and Safety Code.

18 (h) Property used exclusively for an emergency or
19 temporary shelter and related facilities for homeless
20 persons and families and owned and operated by
21 religious, hospital, scientific, or charitable funds,
22 foundations, or corporations meeting all of the
23 requirements of this section shall be deemed to be within
24 the exemption provided for in subdivision (b) of Section
25 4 and Section 5 of Article XIII of the California
26 Constitution and this section. Property that otherwise
27 would be exempt pursuant to this subdivision, except that
28 it includes housing and related facilities for other than an
29 emergency or temporary shelter, shall be entitled to a
30 partial exemption.

31 As used in this subdivision, “emergency or temporary
32 shelter” means a facility that would be eligible for funding
33 pursuant to Chapter 11 (commencing with Section
34 50800) of Part 2 of Division 31 of the Health and Safety
35 Code.

36 (i) Property used exclusively for housing and related
37 facilities for employees of religious, charitable, scientific,
38 or hospital organizations that meet all the requirements
39 of subdivision (a) and owned and operated by funds,
40 foundations, or corporations that meet all the



1 requirements of subdivision (a) shall be deemed to be
2 within the exemption provided for in subdivision (b) of
3 Sections 4 and 5 of Article XIII of the California
4 Constitution and this section to the extent the residential
5 use of the property is institutionally necessary for the
6 operation of the organization.

7 (j) For purposes of this section, charitable purposes
8 include educational purposes. For purposes of this
9 subdivision, “educational purposes” means those
10 educational purposes and activities for the benefit of the
11 community as a whole or an unascertainable and
12 indefinite portion thereof, and shall not include those
13 educational purposes and activities that are primarily for
14 the benefit of an organization’s shareholders. Educational
15 activities include the study of relevant information, the
16 dissemination of that information to interested members
17 of the general public, and the participation of interested
18 members of the general public.

19 SEC. 2. Section 214.15 is added to the Revenue and
20 Taxation Code, to read:

21 214.15. (a) Property is within the exemption
22 provided by Sections 4 and 5 of Article XIII of the
23 California Constitution if that property is owned and
24 operated by a nonprofit corporation, otherwise qualifying
25 for exemption under Section 214, that is organized and
26 operated for the specific and primary purpose of building
27 and rehabilitating single or multifamily residences for
28 sale at cost to low-income families, with financing in the
29 form of a zero interest rate loan and without regard to
30 religion, race, national origin, or the sex of the head of
31 household.

32 (b) (1) In the case of property not previously
33 designated as open space, the exemption specified by
34 subdivision (a) may not be denied to a property on the
35 basis that the property does not currently include a single
36 or multifamily residence as described in that subdivision,
37 or a single or multifamily residence as so described that
38 is in the course of construction.

39 (2) With regard to paragraph (1), the Legislature
40 finds and declares all of the following:



1 (A) The exempt activities of a nonprofit corporation as
2 described in subdivision (a) qualitatively differ from the
3 exempt activities of other nonprofit entities that provide
4 housing in that the exempt purpose of a nonprofit
5 corporation as described in subdivision (a) is not to own
6 and operate a housing project on an ongoing basis, but is
7 instead to make housing, and the land reasonably
8 necessary for the use of that housing, available for prompt
9 sale to low-income residents.

10 (B) In light of this distinction, the holding of real
11 property by a nonprofit corporation as described in
12 subdivision (a), for the future construction on that
13 property of a single or multifamily residence as described
14 in that same subdivision, is central to that corporation's
15 exempt purposes and activities.

16 (C) In light of the factors set forth in subparagraphs
17 (A) and (B), the holding of real property by a nonprofit
18 corporation described in subdivision (a), for the future
19 construction on that property of a single or multifamily
20 residence as described in that same subdivision,
21 constitutes the exclusive use of that property for a
22 charitable purpose within the meaning of subdivision (b)
23 of Section 4 of Article XIII of the California Constitution.

24 SEC. 3. Section 254.5 of the Revenue and Taxation
25 Code is amended to read:

26 254.5. (a) Affidavits for the welfare exemption and
27 the veterans' organization exemption shall be filed in
28 duplicate on or before February 15 of each year with the
29 assessor. Affidavits of organizations filing for the first time
30 shall be accompanied by duplicate certified copies of the
31 financial statements of the owner and operator.
32 Thereafter, financial statements shall be submitted only
33 if requested in writing by either the assessor or the board.
34 Copies of the affidavits and financial statements shall be
35 forwarded not later than April 1 by the assessor with his
36 or her recommendations for approval or denial to the
37 board which shall review all the affidavits and statements
38 and may institute an independent audit or verification of
39 the operations of the owner and operator to ascertain
40 whether both the owner and operator meet the



1 requirements of Section 214 of the Revenue and Taxation
2 Code. In this connection the board shall consider, among
3 other matters, whether:

4 (1) The services and expenses of the owner or operator
5 (including salaries) are excessive, based upon like
6 services and salaries in comparable public institutions.

7 (2) The operations of the owner or operator, either
8 directly or indirectly, materially enhance the private gain
9 of any individual or individuals.

10 (3) Any capital investment of the owner or operator
11 for expansion of physical plant is justified by the
12 contemplated return thereon, and required to serve the
13 interests of the community.

14 (4) The property on which exemption is claimed is
15 used for the actual operation of an exempt activity and
16 does not exceed an amount of property reasonably
17 necessary to the accomplishment of the exempt purpose.

18 (b) The board shall make a finding as to the eligibility
19 of each applicant and the applicant's property and shall
20 forward its finding to the assessor concerned. In a case
21 where the board conducts a hearing with respect to the
22 eligibility of the applicant and the applicant's property,
23 the finding shall be forwarded to the assessor concerned
24 within 30 days after the decision is made by the board
25 following the hearing. The assessor may deny the claim
26 of an applicant the board finds eligible but may not grant
27 the claim of an applicant the board finds ineligible.

28 (c) Notwithstanding subdivision (a), an applicant,
29 granted a welfare exemption and owning any property
30 exempted pursuant to Section 214.15 or Section 231, shall
31 not be required to reapply for the welfare exemption in
32 any subsequent year in which there has been no transfer
33 of, or other change in title to, the exempted property and
34 the property is used exclusively by a governmental entity
35 *or by a nonprofit corporation described in Section 214.15*
36 for its interest and benefit. The applicant shall notify the
37 assessor on or before March 15 if, on or before the
38 preceding lien date, the applicant became ineligible for
39 the welfare exemption or if, on or before that lien date,
40 the property was no longer owned by the applicant or



1 otherwise failed to meet all requirements for the welfare
2 exemption.

3 Prior to the lien date, the assessor shall annually mail a
4 notice to every applicant relieved of the requirement of
5 filing an annual application by this subdivision.

6 The notice shall be in a form and contain that
7 information that the board may prescribe, and shall set
8 forth the circumstances under which the property may
9 no longer be eligible for exemption and advise the
10 applicant of the duty to inform the assessor if the property
11 is no longer eligible for exemption.

12 The notice shall include a card that is to be returned to
13 the assessor by any applicant desiring to maintain
14 eligibility for the welfare exemption under Section 214.15
15 or Section 231. The card shall be in the following form:

16
17 To all persons who have received a welfare exemption
18 under Section 214.15 or Section 231 of the Revenue and
19 Taxation Code for the _____ fiscal year.

20 Question: Will the property to which the exemption
21 applies in the _____ fiscal year continue to be used
22 exclusively by government or by an organization as
23 described in Section 214.15 for its interest and benefit
24 in the _____ fiscal year?

25
26 YES _____ NO _____

27
28 Signature: _____

29 Title: _____

30
31 Failure to return this card does not of itself constitute
32 a waiver of exemption as called for by the California
33 Constitution, but may result in onsite inspection to
34 verify exempt activity.

35
36 (d) Upon any indication that a welfare exemption has
37 been incorrectly granted, the assessor shall redetermine
38 eligibility for the exemption. If the assessor determines
39 that the property, or any portion thereof, is no longer
40 eligible for the exemption, he or she shall immediately



1 cancel the exemption on so much of the property as is no
2 longer eligible for the exemption.

3 (e) If a welfare exemption has been incorrectly
4 allowed, an escape assessment as provided by Article 4
5 (commencing with Section 531) of Chapter 3 in the
6 amount of the exemption, with interest as provided in
7 Section 506, shall be made, and a penalty shall be assessed
8 for any failure to notify the assessor as required by this
9 section in an amount equaling 10 percent of the escape
10 assessment, but in no event exceeding two hundred fifty
11 dollars (\$250).

12 SEC. 4. ~~The amendment of subdivision (f) of Section~~
13 ~~214 of the Revenue and Taxation Code made by this act,~~
14 ~~and the addition of subdivision (a) of Section 214.15 of the~~
15 ~~Revenue and Taxation Code by this act, *do act does* not~~
16 ~~constitute a change in, but *are is* declaratory of, existing~~
17 ~~law.~~

18 SEC. 5. Notwithstanding Section 2229 of the Revenue
19 and Taxation Code, no appropriation is made by this act
20 and the state shall not reimburse any local agency for any
21 property tax revenues lost by it pursuant to this act.

22 SEC. 6. This act provides for a tax levy within the
23 meaning of Article IV of the Constitution and shall go into
24 immediate effect. However, the provisions of this act shall
25 apply on and after the property tax lien date on January
26 1, 2000.

