LESSOR'S EXEMPTION

Reduction in Taxes. Revenue and Taxation Code Section 202.2 requires lessors to reduce lease rental payments on property which receives the benefit of an exemption on the basis such property is used for certain public libraries and museums or used exclusively for public schools, community colleges or state universities, including the University of California, and leased property used exclusively for educational purposes by a nonprofit institution of higher education. Lease contracts entered into prior to September 20, 1978, may be brought under the provisions of Section 202.2 by a mutual agreement that the ongoing contract is canceled and a new, but duplicate, contract shall be commenced. A simple one-page document incorporating the old agreement by reference would accomplish this end £11/29/78.

November 29, 1978

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Dear Mr

I have studied the provisions of SB 2006 as it refers to the effective date of Section 202.2 of the Revenue and Taxation Code.

Section 5 of SB 2006 provides that Section 202.2 shall apply to contracts and leases entered into on and after September 20, 1978. Therefore, I conclude the act would not apply to engoing contracts created prior to September 20, 1978. However, I am of the opinion that such engoing contracts, which can be cancelled by either party as you describe, can be brought under the provisions of Section 202.2 simply by a mutual agreement that the engoing contract is cancelled and a new, but duplicate, contract shall be commenced. I believe a simple one page document incorporating the old agreement by reference would accomplish this end.

Very truly yours,

Glenn L. Rigby Assistant Chief Counsel

RRK GLR:fr

bc: SB 2006 file