STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
1020 N STREET, SACRAMENTO, CALIFORNIA
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October 19, 1987

Mr. Frank C. Seeley
Riverside County Assessor
4080 Lemon Street
Riverside, CA 92501-3659

Attention: Mr. George Sydoriak, Jr.
Chief, Personal Property Division

Dear Redacted:

This is in response to your September 18, 1987, letter to Mr. Redacted wherein you inquired about Palm Springs Convention and Visitors Bureau, Inc. and the eligibility of its property, office furniture and equipment, for exemption from property taxation. Specifically you asked:

1. Whether, due to its organizational structure and purposes, Palm Springs Convention and Visitors Bureau, Inc. is exempt under sections 214, 254.5, 259.5, or some other provision of the Revenue and Taxation Code; or

2. Whether, due to the fact that the office furniture and equipment is purchased with funds provided by the City of Palm Springs, that the property therefore belongs to the City of Palm Springs and not Palm Springs Convention and Visitors Bureau, Inc.

Pursuant to its Articles of Incorporation, the Bureau's purpose is to promote the City of Palm Springs within the framework of the objectives and guidelines approved for it by the Palm Springs City Council, and the Bureau is made responsible to the City Council for sound management of the City's promotional program. According to its 1987 claim for the welfare exemption, the Bureau's activities consist of marketing and selling the convention and tourism industry of the greater Palm Springs area (section A.3.), and its primary use of its property is general office use (section B.3.). Thus, as its name indicates, the Bureau is organized and operated to promote tourism and conventions in the City of Palm Springs/the Palm Springs area.

As you are aware, Revenue and Taxation Code section 214, which provides for the welfare exemption, states that property used exclusively for religious, hospital, scientific or charitable purposes owned and operated by corporations organized and operated for religious, hospital, scientific, or charitable purposes is exempt from taxation if certain requirements are met.

Such requirements include having an acceptable statement of irrevocable dedication and an acceptable dissolution clause in the Articles of Incorporation, having ad Internal Revenue Code section 501(c)(3) or Revenue and Taxation Codd section 23701(d) income tax exemption letter, using the property for the actual operation of an exempt activity, etc. Since your letter, the Board's exemption staff has reviewed the Bureau's 1987 claim for the exemption and concluded on October 3, 1987, that its property is not eligible for the exemption.

I.D.	The articles of incorporation have no provision for the irrevocable dedication of the property and no dissolution clause.
N.T.L.	No tax letter under Section 23701(d) of the Revenue and Taxation Code or Section 501(c)(3) of the Internal Revenue Code of 1954.
N.E.U.	Property is not used exclusively for religious, hospital, or charitable purposes with the meaning of Section 214, Revenue and Taxation Code.
C.N.A.	Charitable aspect not apparent. Claimant must explain in detail the charitable use of the property.
L.F.	Late filing.

We agree with these findings. The articles have neither a statement or irrevocable dedication nor a dissolution clause; section 214.8 requires a section 501(c)(3) income tax exemption letter, not a section 501(c)(4) letter; any charitable aspect of a corporation organized and operated to promote tourism and conventions for a specific location or area is not apparent; if it could be concluded that there is some charitable aspect in promoting tourism and conventions for a specific location or area, the property would still not be used exclusively for charitable purposes, as section 214 requires; and the claim was filed late on June 29, 1987.

Further in this regard, for property to be eligible for the welfare exemption, it cannot be used for fundraising purposes (Cedars of Lebanon Hospital v. Los Angeles County, 35 Cal.2d 729). Basically, the Bureau is using its property in its effort to obtain tourist and convention revenues for the City of Palm Springs/the Palm Springs area, a nonqualifying revenue-generating or fund-raiding purpose.

As to whether the fact that the property has been purchased with funds provided by the City of Palm Springs, such that "the property therefore belongs to the City of Palm Springs and not the Palm Springs Convention and Visitors Bureau", the question of whether property owned by a corporation incorporated by a local government is exempt from property taxation as property owned by the local government (article XIII, section 3(b) of the California Constitution) has previously been considered by the Board's legal staff. In our view, it is not, since the corporation is a legal entity separate and distinct from the local government which created it and which holds title to its own property in its own governmental name. For property of such corporations to be exempt from property taxation, it must be exempt under section 214 or section 231 or by specific statute, such as Revenue and Taxation Code sections 201.1, 201.2 or 201.3 (recently enacted as Stats. 1987, ch. 1412) copy enclosed.

In conclusion, we are not aware of any other provision of the Revenue and Taxation Code which would exempt the Bureau's property from property taxation.

Very truly yours,

James K. McManigal, Jr.
Tax Counsel

JKM/rz

Enclosure

cc: Ms. Redacted
Palm Springs Convention and Visitors Bureau, Inc.
Mr. Bruce Dear