



**STATE BOARD OF EQUALIZATION**

1020 N STREET, SACRAMENTO, CALIFORNIA  
(P.O. BOX 1799, SACRAMENTO, CALIFORNIA 95808)

(916) 445-4982

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DOUGLAS D. BELL  
Executive Secretary

No. 84/35

March 16, 1984

TO COUNTY ASSESSORS:

WELFARE EXEMPTION - NEEDS OF HOSPITALS

On September 20, 1983 the Governor signed into law Senate Bill 516. It is Chapter 960, Statutes of 1983, and is effective as of January 1, 1984.

Section 214.11 of the Revenue and Taxation Code currently provides the welfare exemption to nonprofit organizations that provide services, such as laundry, billing, purchasing, etc., exclusively to meet the needs of hospitals providing that the hospitals themselves file and qualify for the welfare exemption.

This bill expands Section 214.11 to include nonprofit organizations that provide such services exclusively to meet the needs of hospital districts (local government) and state and federal hospitals.

Please note that while nonprofit (nongovernmental) hospitals must file and qualify for the exemption before the service organization can receive the exemption, filing is not required from hospital districts or state and federal hospitals since they are nontaxable governmental entities. Organizations claiming the welfare exemption under the provisions of Section 214.11 must include with their claim a list of all organizations they provide services to. Because property must be "used exclusively" for exempt purposes the servicing of an organization that does not file and qualify as a hospital for a welfare exemption, with the exceptions stated above, is sufficient cause to deny the exemption for the entire property of the service organization.

When forwarding welfare exemption claims by such organizations to us for processing please (1) include on the field inspection report or an attachment, a list of all the organizations, hospitals or hospital districts serviced by the claimant organization, and (2) identify which are nontaxable governmental entities and which are nonprofit hospitals required to file a claim form. We will check our files to see if, in the latter instance, a claim has been allowed, particularly since the hospital serviced may be located in another county.

TO COUNTY ASSESSORS

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Enclosed is a copy of SB 516. If you have any questions concerning this bill, please contact Bill Minor, Vance Price, or Bill Grommet of this division. Their phone number is (916) 445-4982.

Sincerely,

A handwritten signature in cursive script that reads "Verne Walton".

Verne Walton, Chief  
Assessment Standards Division

VW/wpc  
Enclosure  
AL-07-1804A/D-2