

Name _____

County: _____

Date: _____

**PUBLICATION 149, *PROPERTY TAX WELFARE EXEMPTION*
SELF-STUDY TRAINING SESSION**

REVIEW QUESTIONS

1. The California Constitution exempts property owned or held in trust by nonprofit organizations operating for what purposes?
2. The Welfare Exemption is available for property of nonprofit organizations that are formed and operated exclusively for religious, hospital, charitable, or scientific purposes.
 True
 False
3. The Welfare Exemption is administered by the county assessor and California Secretary of State.
 True
 False
4. The nonprofit organization's formative documents (for example, articles of incorporation) must contain:
 A. A statement that the organization's property is irrevocably dedicated to religious, charitable, scientific, and/or hospital purposes.
 B. A statement that in the event that the organization ceases to operate, the assets will be transferred to another fund, foundation, or corporation organized and operated for religious, charitable, scientific, and/or hospital purposes.
 C. A statement that the organization has a current tax-exempt letter from the Internal Revenue Service or the Franchise Tax Board.
 D. All of the above.
 E. A and B
5. Chambers of commerce or other business leagues, literary societies, scientific societies, college fraternities or sororities, and lodges formed as nonprofit corporations exempt from state and federal income tax generally qualify for the Welfare Exemption.
 True
 False

6. Charitable purposes include certain educational purposes. Examples of educational activities that qualify for the Welfare Exemption include:
- A. A junior college with a one-year course for funeral directors to provide trained personnel for the funeral industry.
 - B. A vocational training school operated under a trust created by a labor unit and construction industry employers that gives priority in admission to union members and to persons recommended by the employers to provide trained personnel to the construction industry employers.
 - C. None of the above.
 - D. A and B
7. A nonprofit organization that provides a food service to a nonprofit hospital may be eligible for the Welfare Exemption.
- True
 - False
8. A church may qualify its property under which exemption(s)?
- A. Church Exemption
 - B. Religious Exemption
 - C. Welfare Exemption
 - D. All of the above.
 - E. A and B
9. Real property used exclusively for scientific purposes by a nonprofit organization may be excluded under the Welfare Exemption.
- True
 - False
10. An organization must file a claim for the Welfare Exemption annually with:
- _____
11. The assessor may not grant the Welfare Exemption unless the organization has a valid *Organizational Clearance Certificate*.
- True
 - False

12. An organization must file a claim for *Organizational Clearance Certificate* with the Franchise Tax Board?

- True
- False

13. A Welfare Exemption claim form may be obtained from:

- A. State Board of Equalization
- B. County Assessor's Office
- C. California Secretary of State
- D. Franchise Tax Board
- E. A or B

14. A form to claim an *Organizational Clearance Certificate* may be obtained from:

- A. State Board of Equalization
- B. County Assessor's Office
- C. California Secretary of State
- D. Franchise Tax Board
- E. A or C

15. To qualify for an *Organizational Clearance Certificate*, the organization must be one of the following:

- A. Nonprofit organization
- B. Limited liability partnership
- C. Limited liability company
- D. Any of the above
- E. A or C

16. To qualify for an *Organizational Clearance Certificate*, an organization must have the following tax exemption letter(s):

- A. Internal Revenue Service letter stating that the organization is exempt under Internal Revenue Code section 501(c)(7).
- B. Franchise Tax Board letter stating that the organization is exempt under Revenue and Taxation Code section 23701d.
- C. Internal Revenue Service letter stating that the organization is exempt under Internal Revenue Code section 501(c)(3).
- D. Any of the above.
- E. B or C

17. If a limited liability company (LLC) does not have a tax exemption letter, it may meet this requirement if its member(s) holds a tax exemption letter.

- True
- False

18. To qualify for an *Organizational Clearance Certificate*, the operations of the organization must:

- A. Be organized and operated for profit.
- B. Directly or indirectly materially enhance the private gain of any individual.
- C. Be organized and operated exclusively for charitable and public purposes.
- D. Be organized and operated exclusively for religious and hospital purposes.
- E. C or D

19. If a nonprofit organization qualifies, the State Board of Equalization (BOE) issues an *Organizational Clearance Certificate* that is valid:

- A. For one year (claimant must re-file each year).
- B. Until the BOE determines that the organization no longer meets the requirements.
- C. Until the county assessor notifies the BOE the property is no longer used for exempt purposes.

20. A claim for an *Organizational Clearance Certificate* must be filed by February 15.

- True
- False

21. Articles of Incorporation must be certified by:

- A. State Board of Equalization
- B. County Assessor's Office
- C. California Secretary of State
- D. Franchise Tax Board

22. A claim for an *Organizational Clearance Certificate* must be accompanied by the following documents: organizational documents (i.e., articles of incorporation), tax-exemption letter, financial statements, and description of activities.

- True
- False

23. If an organization filed a claim for an *Organizational Clearance Certificate* in 2008 for fiscal year 2008-2009, the financial statements that must accompany the claim include:

- A. Accounting period ending closest in time to January 1, 2006.
- B. Accounting period ending closest in time to January 1, 2007.
- C. Accounting periods ending closest in time to January 1, 2006 and January 1, 2007.
- D. Accounting period ending closest in time to January 1, 2008.

24. A claim for *Supplemental Clearance Certificate* may be filed at any time during the year.

- True
- False

25. The initial claim for *Organizational Clearance Certificate* must include the following documents: (1) copy of a recorded deed restriction or a copy of a regulatory agreement; (2) copy of the grant deed or documents evidencing the limited partnership's ownership of the improvements if the land is not owned by the limited partnership; (3) copy of Secretary of State form LP-1, *Certificate of Limited Partnership*, and if applicable, Secretary of State form LP-2, *Amendment to Certificate of Limited Partnership*, for each amendment.

- True
- False

26. To be eligible for the 100 percent exemption, a claim for the Welfare Exemption must be filed:

- A. On or before February 15 each year.
- B. No deadline; the claim may be filed any time during the year.
- C. On or before February 15 each year, unless it falls on a weekend or holiday and then the deadline is extended to 5:00 p.m. on the next business day.

27. The Welfare Exemption claim is:

- A. A public record and is subject to public review with the exception of financial statements submitted with the claim.
- B. Not a public document and is not open to inspection.
- C. A public record and is subject to public review.
- D. Only subject to public review if the county assessor's office has a policy to allow public review of the claim form.

28. If a Welfare Exemption claim is not filed with the county assessor on or before February 15, what late-filing provision(s) apply to the exemption?

- A. No late-filing provisions apply because there is no deadline for filing a Welfare Exemption claim with the county assessor.
- B. 90 percent of any tax, penalty, or interest may be canceled or refunded if the claim is filed on or before January 1 of the next calendar year with the combined tax, penalty, and interest not exceeding \$250.
- C. 85 percent of any tax, penalty, or interest may be canceled or refunded if the claim is filed after January 1 of the next calendar year with the combined tax, penalty, and interest not exceeding \$250.
- D. B or C

29. What supplemental claim form, if any, must accompany a Welfare Exemption claim filed for property used for housing for low- or moderate-income elderly or handicapped persons.

- A. BOE-267-L
- B. BOE-267-R
- C. BOE-267-H
- D. BOE-267-L1
- E. None

30. A limited partnership that owns and operates low-income housing property must have what type of managing general partner in order for the property to be eligible for the Welfare Exemption?

- A. Nonprofit corporation
- B. Eligible limited liability company
- C. A or B