

Property Tax Exemptions for Specified Organizations



January 2010

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Oregon laws provide a property tax exemption for property owned or being purchased by certain qualifying organizations. The most common qualifying entities are: religious, fraternal, literary, benevolent, or charitable organizations, scientific institutions, and schools.

Property for which an exemption is requested must be actively occupied and used exclusively by the organization in a way that furthers its stated purpose. The property must also be reasonably necessary to accomplish the organization's goals. Any portion of the property that does not meet these criteria is subject to assessment and taxation the same as all other taxable property.

The property tax exemptions explained in this circular are not automatic. The institution or organization claiming the exemption must file an application with the county assessor.

Religious organizations [Oregon Revised Statute (ORS) 307.140]

To qualify for the property tax exemption, the religious organization must have a constitution, bylaws, or charter which states its mission and purpose. An individual cannot qualify.

Property may include:

- Houses of public worship.
- Buildings used for administrative, educational, literary, benevolent, charitable, entertainment, and recreational purposes.
- Personal property.
- Pews and furniture used in the exempt buildings.

Any portion of a property that is not used by the religious organization for its religious purposes will not be exempt.

Schools (ORS 307.145)

Schools, academies, student housing, and child care facilities owned or being purchased by incorporated religious or charitable organizations may qualify for a property tax exemption. A private school may qualify for exemption provided the school is charitable. Property must be used for accredited educational purposes. Child care facilities must be certified by the Employment Department.

Fraternal organizations (ORS 307.136)

A fraternal organization must be organized as a not-for-profit corporation and regularly provide financial support for a charitable activity with the purpose of doing good to others rather than for the convenience of its members. It is not solely a social club and college fraternities or sororities don't qualify.

"Fraternal organizations" include, but are not limited to: the Masons, the Knights of Pythias, the Knights of Columbus, and Benevolent and Protective Order of Elks, the Fraternal Order Of Eagles, the Loyal Order of Moose, the Independent Order of Odd Fellows, the Oregon State Grange, the American Legion, the Veterans of Foreign Wars, the International Association of Lions Clubs, the Soroptimist International, the Rotary International, and the Kiwanis International.

To qualify for the property tax exemption, the property must be actively occupied and used in lodge or fraternal work, or for entertainment and recreational purposes. It is not exempt if it is rented to others for sums greater than reasonable expenses for heat, lights, water, janitorial services, supplies, facility repair, and rehabilitation.

Literary, benevolent, charitable organizations, scientific institutions, volunteer fire departments, and art museums (ORS 307.130)

The purpose and activities of these organizations or institutions must demonstrate charity for direct public benefit. Generally, volunteers serve to further the goals of the organization.

Some components the assessor looks for are:

- Do the organization's articles of incorporation clearly state and define the organization's purpose?
- Is the property actually used or occupied for the charitable work carried on by the organization?
- Is charity the primary objective?
- Is the element of gift and giving present?
- Is the organization incorporated and organized as a nonprofit corporation?
- Is the charitable activity for the direct good or benefit of the community or public at large?
- Is the charitable activity relieving a government burden?

- Do patrons receive the same treatment regardless of ability to pay?
- Are the doors open to the rich and poor alike without discrimination as to race, color, or creed?
- Are donations and funds accounted for separately?
- Do the organization's articles of incorporation or bylaws require that its assets be used for charitable purposes when the organization dissolves?
- Does the organization benefit, profit, or provide private advantage to founders, officers, or members?

The county assessor examines the exemption claim and required documents of each individual applicant and determines eligibility on a case-by-case basis.

How to claim the exemption

Applications must be filed on or before **April 1** of the assessment year for which the exemption is requested. If the property is acquired after March 1 and before July 1, the application must be filed within 30 days of acquisition. All real and personal property must be identified on the application.

If the application is not filed on time, it may be filed:

- On or before December 31 with a late fee of \$200 or one-tenth of 1 percent of the real market value of the property, whichever is greater; or
- On or before April 1 of the tax year for which the exemption is being requested with a late fee of \$200, if the claimant can demonstrate good and sufficient cause for not filing timely, is a first time filer, or is a public entity described in ORS 307.090.

Leased property

It is possible for a qualified organization to claim a property tax exemption on real or personal property held under a lease. The lessee must occupy and use the property and provisions of the lease must qualify.

Example: A qualified organization acquires the use of property from a nonexempt property owner under a lease or lease-purchase agreement. The rent charged must reflect the savings below market rent that result from the property tax exemption.

To claim the exemption the **lessee**, not the owner, must file an application with the county assessor. All real or personal property must be identified on the application. Supplemental documents such as information about the institution or organization, and a copy of the lease are also required.

Applications must be filed on or before **April 1** of the assessment year for which the exemption is requested. If a lease is entered into after March 1 and before July 1, the application must be filed within 30 days of entering into the agreement.

If the application is not filed on time, it may be filed no later than December 31 with a late filing fee of either:

- \$200 or one-tenth of 1 percent of the real market value of the property, whichever is greater; or
- \$200 if the claimant can demonstrate good and sufficient cause for not filing timely, is a first-time filer, or is a public entity described in ORS 307.090.

A new application must be filed when a new lease, an extension of the current lease, or any modification to the existing lease occurs, or upon a change in ownership or use. If a new application is not filed the exemption will terminate. If the lease ends before July 1, the exemption will terminate as of January 1 of the same year.

This publication is available online on the Department of Revenue's website at: www.oregon.gov/DOR/PTD/IC_310_664.shtml

You may also call your county assessor's office for application forms and assistance.

Taxpayer assistance

General tax information www.oregon.gov/DOR
 Salem 503-378-4988
 Toll-free from an Oregon prefix..... 1-800-356-4222

Asistencia en español:
 Salem 503-945-8618
 Gratis de prefijo de Oregon..... 1-800-356-4222

TTY (hearing or speech impaired; machine only):
 Salem 503-945-8617
 Toll-free from an Oregon prefix..... 1-800-886-7204

Americans with Disabilities Act (ADA): Call one of the help numbers for information in alternative formats.