



Haines Borough
Administrative Policy

Community Purpose Exemption Policy

Applicable to: All persons seeking to qualify for exemption of real property taxes under the *community purpose* category, as described in HBC 3.70.040(D). This policy outlines additional standards and requirements:

Effective Date: June 24, 2015 (Approved by the Borough Assembly via Resolution 15-06-632 on 6/23/15)

1. Documentation Requirements:

- A letter to the Assessor requesting exemption...
 - Must provide a description of the use of the property and consistency with the requested exemption
 - Must describe any rental income received by the applicant organization including;
 - Any property, or portions of the property from which rentals of income are derived
 - Actual operating expenses, excluding debt service or depreciation
- Copy of By-Laws
- Copy of Articles of Incorporation
- Copy of IRS 501(c)(3) or 501(c)(4)
- Where property is leased by the organization to other entities, financial statements for the past tax year including income and expense reports, and description of any debt service or depreciation included in the financial statements for the property
- Documentation supporting/describing the activities of the organization. For example, brochures, pamphlets and web pages are acceptable forms of documentation.
- The municipal assessor or designee may request additional information prior to its determination, as reasonably necessary to determine the exempt status of a property in accordance with municipal code and regulations and state law.

2. A request for exemption from the property taxes must be received by **March 31** of the applicable tax year.
3. The property must be in use as of January 1 of the tax year in order to obtain an exemption for that year.
4. Exemptions are not prorated and are granted based on two critical criteria; not-for-profit ownership and exclusive use of the property for an exempt purpose. Typically, vacant land is not exempt.
5. A taxpayer claiming a tax exemption has the burden of showing that the property is eligible for the exemption. (Greater Anchorage Area Borough vs. Sisters of Charity, Sup. Ct. No. 1299)
6. The Community Purpose exemption is intended to allow property tax relief to those organizations providing services that result in a community-wide benefit. To qualify for the exemption the following requirements must be met:
 - The property's availability to public use regardless of sex, race, creed, color, sexual orientation, or national origin;

- That the applicant organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, as amended from time to time;
- Whether, any part of the net earnings of the applicant inures to the benefit of any private entity or individual;
- No evidence of a dominant financial motive such as excessive charges, excessive employee compensation, or rental income that exceeds operating expenses;
- No evidence that the property is being used to financially benefit any officer, trustee, director, shareholder, member, or contributor, of the applicant;
- Ensuring that the property is used for the actual operation of at least one community activity;
- That the fees and charges for the use of such property and facilities thereon do not effectively deny to a significant portion of the borough the privileges and benefits provided by the property;
- Determining that the applicant organization is governed by a volunteer board of directors;
- The benefits provided to the community by the organization warrant the value of the exemption
- Considering whether substantially similar community benefits are available through other entities; and
- Considering the degree to which the organizations use of the property impacts the quality of life of borough residents.
- The Assessor will have latitude to exclude from consideration funds set aside for Capital Projects, reasonable amounts set aside as an operating reserve, and costs of depreciation.
- Property utilized as long-term residential housing only qualifies if the rental of the property provides a clear benefit to the community as a whole and sufficient to address the advantage to the property owner of providing a Borough supported subsidy. The community service provided must be clearly evident and sufficiently compelling to warrant an exemption. Examples of uses outweighing
 - Providing affordable rental housing for low income residents
 - Providing affordable rental housing with access to care for Senior Citizens (age 65 and older)
 - Providing affordable rental housing with access to care for US military Veterans with a service related disability of 50% or higher as determined by the Veteran's Administration
 - Providing affordable rental housing with access to care for members of the community with a long term illness, injury, or disability

7. Property used primarily for the following activities and functions **does not qualify** for the community purpose exemption:

- Property use or activities which require a membership fee
- Activities which are not open or available to the general public
- Activities where the main community purpose benefit is derived from spectator attendance



David Sosa
Borough Manager

24 JUN 2015

Signature Date