

CivicPACE:

ENABLING POLICIES & PROCEDURES

EXPLORING THE TREATMENT OF COMMERCIAL
PROPERTY ASSESSED CLEAN ENERGY FOR SOLAR ON
TAX-EXEMPT AND PUBLIC ENTITIES



JUNE 2015

CivicPACE: ENABLING POLICIES & PROCEDURES

EXPLORING THE TREATMENT OF COMMERCIAL PROPERTY ASSESSED
CLEAN ENERGY FOR SOLAR ON TAX-EXEMPT AND PUBLIC ENTITIES

Prepared by

clean energy *solutions* 



For



Table of Contents

Overview	4
Background	4
Property Tax Exemptions	5
Local Taxation	6
PACE-Enabling Legislation	8
California	8
Connecticut	8
District of Columbia	9
Policy and Procedural Considerations	10
Policy Considerations	10
Procedural Considerations	12
Conclusion	13
APPENDIX A – PACE Policy	14
1. SUMMARY OF PACE LEGISLATION BY STATE & NOTES ON STATE-WIDE ADMINISTRATION	14
2. TABLE OF PACE ENABLING LEGISLATION REGARDING STATEWIDE ADMINISTRATIVE STRUCTURES	15
APPENDIX B – Property Tax Policy	20

This material is based upon work supported by the U.S. Department of Energy under Award Number DE-EE0006917. The guide was produced by Clean Energy Solutions, Inc. with the support of The Solar Foundation and Urban Ingenuity as part of the SunShot Solar Market Pathways CivicPACE program. Neither the United States Government nor any agency thereof, nor any of their employees, makes any warranty, express or implied, or assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, apparatus, product, or process disclosed, or represents that its use would not infringe on privately owned rights. Reference herein to any specific commercial product, process, or service by trade name, trademark, manufacturer, or otherwise does not necessarily constitute or imply its endorsement, recommendation, or favoring by the United States Government or any agency thereof. The views and opinions of authors expressed herein do not necessarily state or reflect those of the United States Government or any agency thereof.

This report provides an overview of various considerations related to tax policy and does not constitute professional tax advice. Organizations should seek out professional counsel regarding their particular concerns regarding their tax-exempt status.

Overview

The CivicPACE program, a project of The Solar Foundation, in partnership with Urban Ingenuity and Clean Energy Solutions, Inc., funded by the U.S. Department of Energy's SunShot Initiative Solar Market Pathways Program, is working to empower state and local governments across the country to bring Property Assessed Clean Energy (PACE) financing to tax-exempt organizations that have been previously excluded from this financing method. "CivicPACE" or Commercial Property Assessed Clean Energy for Tax-Exempt and Public Entities, will allow affordable housing units, schools, and non-profit organizations to receive a loan for solar energy installations, and pay back these loans through a special property tax assessment.¹

This report examines policies and procedures in place in active PACE jurisdictions to determine what existing "best practices" enable tax-exempt and public entities to take advantage of PACE financing. This report also examines what additional policies and procedures would be necessary to enable and advance PACE financing for tax-exempt and public entities interested in implementing solar installations.

Throughout this report, "tax-exempt" will refer to organizations that are exempt from federal taxation on the basis of IRS Publication 557, collectively known as 501(c) organizations. There are many types of 501(c) organizations, but generally these organizations are exempt from taxation because they do not operate on a for-profit basis, and they are perceived to provide a public service. Public entities include state and local governments, as well as "any department, agency, special purpose district, or other instrumentality of a State or a State's local government."²

In order to refine future versions of this report, the CivicPACE team plans to survey local stakeholders and the growing "learning community" to identify whether various policies and procedures successfully enable CivicPACE, as well as which policies and procedures these groups recommend. Responses to this survey will be recorded, analyzed, and used in conjunction with other research to derive a set of best practices for tax-exempt and public entity participation in solar PACE programs.

Background

PACE financing was first developed in Berkeley, CA to make financing for energy efficiency, renewable energy, and water conservation improvements accessible to a broader customer base. Instead of traditional debt service that relies solely on a customer's credit and for which a customer is solely responsible, PACE provides upfront financing through a special assessment on a customer's property tax bill, which is transferrable with the property at the time of sale. Since its inception in 2008, PACE-enabling legislation has been adopted in 29 states, including the District of Columbia.

Because PACE financing relies on a customer's property tax bill, there has been speculation as to whether tax-exempt properties are eligible for PACE. At the time of this writing, there is no widely accepted protocol for tax-exempt organizations that wish to take advantage of PACE financing. However, in some active PACE jurisdictions, particularly in Connecticut and California (discussed in subsequent sections), there is a precedent of allowing tax-exempt entities to take advantage of PACE financing, so long as the entity is on an existing tax roll. Furthermore, in most states, property tax exemptions are only granted as

¹ <http://energy.gov/eere/sunshot/solar-market-pathways>

² <http://definitions.uslegal.com/p/public-entity/>

exemptions from real property or ad valorem taxation.³ Exemptions do not apply to special assessments, municipal service fees, and other fees a municipality may choose to impose on properties for public improvements.

The tax-exempt sector represents a sizable portion of properties in many jurisdictions, and there is a lack of low-cost, long-term financing options available for non-profit and tax-exempt entities interested in making energy efficiency and renewable energy upgrades. PACE financing is an appealing mechanism for the non-profit sector, because it provides an opportunity for organizations that may not be able to access traditional credit-based financing mechanisms to take advantage of long-term, low-interest loans. Furthermore, PACE financing is attractive to investors because PACE liens are often senior to any other liens on a property, including the property mortgage, and offer a secure form of collateral in the property in case of default by the property owner.

CivicPACE aims to first develop replicable PACE models for tax-exempt properties in jurisdictions with well-established PACE programs with a potential for scalability, and gradually develop models for jurisdictions with nascent and developing PACE programs with a limited number of projects. As such, CivicPACE has identified California, Connecticut, and the District of Columbia as “Tier One” target jurisdictions. Though the District of Columbia has not reached the scale of either California or Connecticut’s PACE programs, D.C. was selected as a focus area based on their PACE program’s demonstrated commitment to penetrating the tax-exempt real estate market. Within California, CivicPACE has identified Los Angeles County as a target jurisdiction, because the County has a well-established PACE program, a large tax-exempt sector, and high national visibility.⁴

Furthermore, CivicPACE has determined that multi-family affordable housing, religious organizations, and civic organizations will constitute the primary focus of research and pilot project development.

Property Tax Exemptions

As stated previously, most property tax exemptions are only granted for real or ad valorem property tax, which is typically used to raise general purpose funds. Most exemptions, however, do not apply to special assessments imposed by municipalities. A municipality may elect to charge all properties within the municipality for certain services. For example, in California property tax exemptions exist for many non-profit institutions, but these do not include such special taxes as special assessments, special taxes, direct levies, delinquent county utility billings, weed and hazard abatement charges, and Mello-Roos Bonds.⁵ Such charges are not based upon the assessed value of the property and are, thus, not defined as property taxes, according to California State Board of Equalization.

PACE districts in California are enabled by two pieces of legislation, AB 811 of the Improvement Act, and SB 555 of the Mello-Roos Act. “The SB 555 amendment to the Mello-Roos Act expressly allows financing of improvements on publicly owned buildings, although these properties must be able to receive property tax bills under their assigned assessor parcel numbers (APNs). AB 811 (Improvement Act) programs do

³ See Appendix B

⁴ Other target jurisdictions are Florida, New York, Minnesota, Georgia, Oregon, Louisiana, Arkansas, Texas and Maryland. Target jurisdictions may change as PACE extends to more states across the country.

⁵ California State Board of Equalization, “Exemptions”: <http://www.boe.ca.gov/proptaxes/exempt.htm>

allow PACE financing on non-profit owned buildings if they can receive a property tax bill.”⁶ Because non-profit institutions are not exempt from special assessments and taxes, as discussed above, such organizations therefore qualify as “eligible non-profits” for PACE financing.

Similarly, Connecticut State Code and The District of Columbia’s Code grant real property tax exemptions for many non-profit properties, but they do not contain language exempting those properties from the various forms of special assessments.⁷

Local Taxation

The authority to determine which properties qualify for property tax exemptions typically lies with the state. Municipalities and other local taxing jurisdictions have attempted to regain revenue lost through such property tax exemptions by developing policies that require payments from non-profit, tax-exempt organizations, such as user fees, special assessments, and municipal service fees. Many jurisdictions also have attempted to collect revenue from voluntary contributions and in-kind services such as payments in lieu of taxes (PILOTs) and services in lieu of taxes (SILOTs.)

User Fees: Non-profit and tax-exempt organizations may not be exempt from municipal user fees for public services like water, sewer, and garbage collection. User fees apply both to tax-exempt and taxable properties.

Special Assessments: Special assessments are used to pay for improvements that will benefit the public, such as infrastructure upgrades. Property tax-exemptions in most states only apply to ad valorem taxes and do not apply to special assessments. PACE liens are a special assessment levied by a municipality that chooses to participate in a PACE program. The municipality establishes a land or real property secured benefit district (the PACE district), and properties within the district may choose to participate.

Municipal Service Fees: Municipalities use these fees to pay for public goods like street maintenance, and may base them on alternative metrics rather than property value or services consumed. Instead, these services fees may be calculated by the area of the property or another basis to avoid being classified as ad valorem property tax.

SILOT Programs: Tax-exempt organizations may voluntarily contribute in-kind services as a way to make up for property tax exemptions.⁸ Such services may include legal counsel, medical aid or counseling, public recreational services, and other in-kind services that may enrich the local community.

PILOT Programs: Municipalities and non-profit, tax-exempt organizations make agreements for the tax-exempt organization to contribute a part of what they would pay in property taxes if they

⁶ Kaatz, J. Anders, S. (2014) *Residential and Commercial Property Assessed Clean Energy (PACE) Financing in California Rooftop Solar Challenge Areas*. Center for Sustainable Energy.
<http://energycenter.org/sites/default/files/docs/nav/policy/research-and-reports/PACE%20in%20California.pdf>

⁷ See Appendix B

⁸ Kenyon, D. Langley, Adam. (2011) *The Property Tax Exemption for Non-Profits and Revenue Implications for Cities*, The Urban Institute

were not exempt. Participation in PILOT programs is voluntary and collection of fees is not enforceable by law.

The City of Boston perhaps has the most comprehensive PILOT program, which has served as a model for other municipalities in recent years. In early 2011, the City of Boston adopted new guidelines for its PILOT, publicly calling on large tax-exempt institutions to make payments based on their often significant property values (in the case of centrally located universities and hospitals). The goal of the Boston program was to gradually raise voluntary payments up to 25% of property taxes that an organization would pay if it were subject to regular taxation. The City of Boston sends out regular requests for payments that look similar to tax bills, and non-profits may choose how much to contribute based on the requested amount and their ability to pay.

Since the Boston program was revised in 2011, other municipalities across the country have established task forces or other forms of legislative counsel to determine if asking non-profit institutions to participate in PILOT programs is an appropriate solution for raising revenue. Between the years 2000 and 2010, more than “218 localities in at least 28 states” received payments in lieu of taxes totaling at least \$92 million per year.⁹ The majority of localities receiving payments were concentrated in the Northeast, particularly Massachusetts and Pennsylvania.¹⁰

Precedent

Case law from recent years provides examples of jurisdictions attempting to limit tax exemptions and the resultant policy implications: These examples are meaningful for CivicPACE in states and localities where a precedent of collecting payments from tax-exempt organizations does not exist.

Goodhue County, MN: In the 2007 Minnesota Supreme Court case of *Goodhue County v. Under the Rainbow Child Care Center*, the County had denied tax exemption for the daycare center, because the daycare center charged rates close to the market rate for its services and did not provide scholarships for low-income students. The County viewed this as a disqualifying factor for qualification as a charitable organization under state code. The Supreme Court ruled in favor of the county, but urged lawmakers to clarify the scope of tax exemptions.¹ In 2009, the state legislature passed a bill establishing the authority of an assessor to make a final decision on exemptions.¹

Limington, ME: In the 2014 Maine Supreme Court case of *The Town of Limington v. the Francis Small Heritage Trust*, Limington had demanded payments from the non-profit, but the court ruled that the Trust met the requirements for a charitable organization, and therefore was exempt from taxation. The case sparked debate among Maine’s legislature, which announced in January 2015 that it would attempt to pass legislation to allow municipalities to tax non-profit institutions, including land trusts.¹

Smithfield, RI: In 2013, former Governor Lincoln Chafee signed a bill that would require Bryant University, a non-profit educational institution, to reimburse the town of Smithfield for police,

⁹ Russ, Hilary. “U.S. cities’ revenue boost from non-profits meager-report.” Reuters.com. 28 Sep. 2012. <http://www.reuters.com/article/2012/09/28/municipals-cities-non-profits-idUSL1E8KSIFN20120928>

¹⁰ The National Council of Non-Profits keeps a resource page on PILOT programs across the country that lists and describes jurisdictions where PILOT programs are being considered and/or implemented: <https://www.councilofnon-profits.org/trends-policy-issues/payments-lieu-of-taxes-pilots>

fire, and rescue services. Opponents of the bill believed that it would set a “dangerous precedent” for other tax-exempt educational institutions, but the bill remains intact at the time of this writing. Bryant University has stated that it is considering all options, including legal remedy, to appeal the decision.¹

This last case may be the most influential, because unlike the cases in Goodhue and Limington, Smithfield is not denying the non-profit status of Bryant University, but instead is demanding fees for civic services, which are typically paid through ad valorem property taxes. The result of the Smithfield case may set a precedent for the rest of the country that a state may pass legislation that enables a town to collect payments from non-profit institutions, regardless of state property tax exemptions.

PACE-Enabling Legislation

California

In 2008, California passed legislation that extended the ability of municipalities to establish special assessment districts not only to finance public improvement projects, but also to allow willing property owners to enter into contracts to install distributed renewable energy and energy efficiency projects permanently affixed to a property.^{11,12}

California permits several PACE models for municipalities. According to a Center for Sustainable Energy report, “a city, county or special district may administer their programs themselves, contract with a private third party or join a public entity such as a [Joint Powers Authority] that may contract with a private third party.”

There are 10 active PACE program administrators in California, and over 550 municipalities have chosen to participate in commercial PACE programs.¹³

The Los Angeles County Commercial PACE program was launched in 2012. In 2014, the program had funded \$14.1 million in commercial projects and had another \$176 million worth of projects in the pipeline. Out of the 88 municipalities in Los Angeles County, 80 have opted in to the program. Properties eligible to take advantage of Commercial PACE include: office, retail, hotel/restaurant, hospitality, multifamily properties of five units or more, data centers, warehouse/industrial, agriculture, healthcare, education, municipal buildings and non-profit properties eligible to receive a property tax bill.¹⁴

Connecticut

Connecticut established the Clean Energy Finance and Investment Authority (CEFIA) in 2011 to provide financing, marketing, and technical services to municipalities. The Authority, funded through ratepayer fees, was later renamed the Connecticut Clean Energy Fund (CCEF), but is commonly referred to as the Connecticut Green Bank. CCEF serves as a statewide “administrator” of the Connecticut PACE program, but does not have the authority to establish special assessments. Only municipalities have the authority to establish special assessments and enter into contracts with willing property owners.

¹¹ CA AB 811, Chap. 159

¹² State code was later revised to include water efficiency projects.

¹³ <http://www.pacenow.org/pace-programs/>

¹⁴ Kaatz, J. Anders, S. (2014) *Residential and Commercial Property Assessed Clean Energy (PACE) Financing in California Rooftop Solar Challenge Areas*. Center for Sustainable Energy.
<http://energycenter.org/sites/default/files/docs/nav/policy/research-and-reports/PACE%20in%20California.pdf>

In 2012, CCEF was authorized to issue bonds and finance a “Commercial Sustainable Energy Program,” and to make the rules for such financing, which participating municipalities must follow if they elect to enter into a PACE Agreement with CCEF. The commercial property tax liens may then be assigned by the municipality to CCEF – pursuant to the Municipality-CCEF Agreement – which may elect to package the loans and set up trust agreements with third party investors.

Commercial PACE is now available in over 90 municipalities throughout the state, and is available to non-profits if they are eligible to receive a property tax bill.

District of Columbia

The District of Columbia is unique in having municipal, county and state territories and citizens coincident, and can itself place liens on willing property owners for PACE financing. The Energy Efficiency Financing Act of 2010 (amended in 2012) created a “statewide” administrative structure with a third part administrator under contract with the Mayor to manage the Energy Efficiency Loan program, and a Quality Assurance program. The administrator provides marketing, underwriting, and recording services, and certifies and engages contractors. DC Commercial PACE is available to commercial, institutional, and multi-family properties.

PACE Projects in the Tax-Exempt Sector

The Commercial PACE market is evolving rapidly, in particular where creative financing is necessary to complete solar projects, such as with CivicPACE arrangements. The following accounting of existing PACE projects in the tax-exempt sector is inclusive only to the extent of the authors’ knowledge at the date of this writing. As details of these and other projects emerge, lessons and best practices will be gathered and shared with CivicPACE stakeholders.

- There is only one example available of a tax-exempt property utilizing PACE financing on the Los Angeles County PACE Program website, which was a Teamsters Local Union property.¹⁵
- Connecticut: The State of Connecticut’s CPACE program website indicates it has financed three non-profit PACE projects (through the date of the posting): one church, one YMCA, and one performing arts center. In addition, a subsidiary of the CT Green Bank has entered into a PPA with a religious-affiliated community center. As of this writing, CPACE has yet to finance a project for a hospital, education center, or affordable multi-family housing unit.¹⁶
- Similarly, in the District of Columbia, there is only one example of a tax-exempt property using PACE financing. The 400 M Street DC Commercial PACE project was the first to use commercial PACE to finance the retrofit of an affordable multi-family housing project.¹⁷

The relative lack of available case studies and guidance for tax-exempt PACE projects available online indicates a need for open, accessible data and guidance on how PACE jurisdictions can include and encourage tax-exempt organizations to participate in CivicPACE.

¹⁵ http://www.lapace.org/pdf/Teamsters_Case_Study.pdf

¹⁶ Case studies are available on <http://www.cpace.com/projects>

¹⁷ <http://urbaningenuity.com/projects/400-m-street-financing-for-affordable-housing-in-washington-dc>

The following section “Policy and Procedural Considerations” attempts to organize the questions and considerations that CivicPACE aims to address for PACE districts interested in increasing participation from the tax-exempt sector.

Policy and Procedural Considerations

The above sections survey state legislative support of several means for local jurisdictions to collect funds from otherwise tax-exempt organizations. These means include additions to “PILOT” payments, denial of tax exemptions, and a provision that PACE assessments fall not in the realm of property taxes at all, but in the class of levies, non-ad-valorem taxes, fees and reimbursements. There is another body of state law pertinent to this topic, that being each state’s legislative requirements for local PACE administration—the policies and procedures that must be put in place to make such collections work. PACE legislation and administrative structures were examined in thirteen states with active PACE programs, with special attention to any state-wide prescription of policies and procedures. A summary of these findings is given in Appendix A.¹⁸ The laws are all prescriptive to some extent regarding eligibility of technologies and contractors; ownership and debt requirements; savings, audit and verification standards; and other program requirements to which localities must adhere. Decisions regarding the policies and procedures of local PACE administration, however, are generally left to local judgment.¹⁹

A few of these local programs have recently published guides and manuals that codify relevant policies and procedures.²⁰ They generally include solar installations among their eligible technologies, so it is the accommodation of non-profit organizations that remains to be codified.

Some of the following policies and procedures are already in place in some jurisdictions, and some may be unnecessary in others. This outline is based on a study of published guides and manuals,²¹ participation of team members in the administration of PACE financing in CT and DC; and the survey of PACE legislation described above. This outline is intended to help guide the surveys, roundtables, workshops, and other learning and replication work to follow.

Policy Considerations

Administration and Program Design

- Will it be necessary to enact a public declaration either in local ordinances or legislation that states renewable energy installations on tax-exempt properties are in the public interest and suitable for PACE financing, assessment, and liens?
- What goals should be set regarding solar installations on tax-exempt properties? Examples for the tax exempt market sector may include: participation rates, emission reductions, jobs created

¹⁸ This research was funded in part through a DOE grant to the Virginia Dept. of Mines, Minerals, and Energy to accelerate PACE financing of energy performance contracts in commercial facilities. The full report is available via the Virginia Department of Mines, Minerals, and Energy or by contacting Clean Energy Solutions, Inc.

¹⁹ “Local” in this case refers to the property taxing authority.

²⁰ Examples include C-PACE Program Guidelines, Version 4, November 1, 2014, by the CT Green Bank; the Total Program Manual by the District Dept. of the Environment, Washington DC; the PACE Financing Program Manual, October 15, 2014, by the City of Milwaukee; the PACE Replication Guidance Package by Sonoma County, CA

²¹ See PACENow for a list of PACE program handbooks: <http://www.pacenow.org/publications/>

and/or retained for local residents, private capital deployment and repayment, customer satisfaction, enhanced facility value, and sustaining revenues.

- Should priorities be set regarding the location, mission, governance, facility size, history, plans, visibility, and other tax-exempt characteristics?
- How are special tax-exempt assessments, levies, liens, and collections to be recorded? What accounting policies will be needed?
- What information specific to tax-exempt properties should be required for reporting, filing, documentation, and public release?
- Will the extension of project eligibility to include tax-exempt properties require additional staff? What functions may be outsourced?
- What solar and storage technologies are eligible? Should there be any limitations on eligible technologies?
- Will there be a requirement to include energy efficiency upgrades first?
- Are “community solar” developments not permanently attached to the property, but in which the organization has equity or lease interest eligible?
- What policies are important regarding net metering/feed-in tariffs, interconnection, third-party ownership, and RPS set-asides?
- If the solar energy produced from a solar installation is not used entirely “behind the fence,” meaning by the host facility or solar customer(s), what interconnection and power purchase agreement policies may need to be implemented?
- How will eligible solar technologies be included in the program’s quality assurance and quality control procedures?
- What audit, M&V, commission, and validation requirement for tax-exempt properties should be enacted?
- Are EM&V procedures already in place for solar and storage technologies and metering?
- What pre-qualification of developers and installers is especially needed in the NPO Solar case?
- Should tax-exempt and public entities be entitled to reduced program fees?
- What fees should be collected from applicants? From contractors? From financing?
- Who will own attribute revenues (SRECs, demand reductions, frequency regulation, other ancillary services)?

Financing & Loan Requirements

- Is the assessment or lien for non-profit and tax-exempt properties contractual or statutory? How is property owner consent solicited and arranged?
- Does the non-profit or tax-exempt property have a clear title? Are there any defaults, judgments or delinquencies related to the property? Should PILOT payment delinquencies be considered? What other tax-exempt eligibility tests may need to be in place?
- What happens in the case of default? What penalties are in place? What remedies are available? What consequences should be imposed for non-payment?
- Should PACE arrangements be separate or combined with PILOT agreements?
- In the case of PPAs and third-party ownership, what contractual elements should be in place?

- What security or collateral requirements should be in place in addition to the property lien? What loan-to-value ratio should be employed? What other else should be in place to ensure the tax-exempt organization's ability to make payments?
- How will financial performance eligibility criteria be adapted for tax-exempt and non-profit accounting?
- Should mortgage lender consent be required for tax-exempt properties or should notification suffice?
- How will loans from the tax-exempt sector be securitized and how will secondary markets be engaged?
- Will a savings-to-investment ratio (SIR) test be required for tax-exempt properties?

Procedural Considerations

Administration and Program Design

- ✓ Support declaration of CivicPACE as public benefit in local ordinance or legislation, if necessary
- ✓ Create program goals specific to the tax-exempt market sector
- ✓ Make support arrangements with local utilities for interconnection and power purchase agreements, if applicable
- ✓ If necessary, adapt EM&V practices and arrangements with third-party validators to include solar/storage technologies and metering
- ✓ Include tax-exempt solar concerns in quality assurance and quality control procedures
- ✓ Provide for staffing and outsourcing of tax-exempt administrative, technical, validation and other duties
- ✓ Consider reduced administration fees for tax-exempt entities
- ✓ Arrange participation in regional transmission organization (RTO) markets (frequency regulation, capacity)
- ✓ Establish sales of SRECs and establish connection to regional registry
- ✓ Establish sales/trading of other attributes
- ✓ Set up application fee structure if different from energy efficiency installations

Financing and Loan Qualification

- ✓ Offer local lenders that lend to tax-exempt organization the opportunity to participate
- ✓ Arrange securitization and secondary financial market participation in aggregated tax-exempt and public loans
- ✓ Prepare voluntary special assessment forms that establish the priority of PACE loans relative to mortgage loans (with mortgage lender assent) and other obligations of the tax-exempt of public entity
- ✓ Establish collection and delinquency processes appropriate to the tax-exempt community
- ✓ Modify financial eligibility requirements to include creditworthiness, governance, and longevity checks for the tax-exempt entity

- ✓ Encourage alternatives such as community solar, use of for-profit subsidiaries, and other alternatives
- ✓ Set up tax-exempt project qualification and prioritization procedures
- ✓ Adapt application form for solar and storage installations if necessary

Marketing

- ✓ Post opportunity and enrollment options on district website
 - ✓ Prepare value proposition and collaterals in collaboration with solar industry
 - ✓ Set up partnerships with organizations that influence tax-exempt and non-profit opinions and customer umbrella organizations
 - ✓ Issue RFQ/RFP for solar developers that is consistent with policies
 - ✓ Sponsor publicity around benefits for tax-exempt organizations and the communities they serve
 - ✓ Sponsor conferences and meetings with trade groups and tax-exempt/non-profit associations
- Train and qualify contractors for tax-exempt/non-profit value

Conclusion

As this report indicates, there are precedents to allow tax-exempt organizations to finance energy efficiency, renewable energy, and water conservation projects using PACE. Through collaboration with stakeholders in the tax-exempt sector, energy efficiency and renewable energy industry, financial and lending industry, and local governments, the CivicPACE team will work to highlight best practices and project models for solar installations through CivicPACE and present them in future versions of this report.

For additional insight and support establishing a CivicPACE program visit <http://CivicPACE.org> or contact info@solarfound.org.

APPENDIX A – PACE Policy

1. SUMMARY OF PACE LEGISLATION BY STATE & NOTES ON STATE-WIDE ADMINISTRATION

A central administrative and technical assistance organization has been considered important in several states:

- (a) to encourage and assist the adoption of local ordinances;
- (b) to attract large-scale participation by lenders, property owners, and contractors;
- (c) to support local management of an unfamiliar and complex process; and
- (d) to maintain quality control and document results.

Otherwise the transaction costs of dealing with many small jurisdictions, delays, and potential setbacks may discourage PACE marketing outside of the larger and more aggressive counties/cities.

State-wide PACE-explicit legislative authority may be necessary to meet these objectives, by establishing Legislative as well as Administrative intent. The authority vested in state energy offices by their own charters may be sufficient to engage a PACE Administrator; however, existing budgetary and political support may be insufficient to support a dependable long-term program, without more explicit legislative authority.

PACE legislation in thirteen states was studied to identify requirements of state-wide administrative structure. The table on the following page lists the statutes with summaries of their purposes. (Note this summary is vulnerable to obsolescence by the rapid evolution of PACE legislation.)

Legislation from four states and the District of Columbia provide for state-wide administrative structures:

States with State-Wide Administrative Structures

Colorado -- The Colorado New Energy Improvement District was created in 2010 to administer and finance a PACE-like program, including property assessments and liens, for any county that elects to participate. Program costs are covered by the associated PACE bond proceeds.

Connecticut -- CCEF was established in 2011 and funded using ratepayer fees to provide financing, marketing, and technical services to municipalities that elect to make the special property assessments.

District of Columbia -- The Energy Efficiency Financing Act creates a District-wide administrative structure with an Administrator under contract with the Mayor. The District arranges assessments and liens, and the Administrator provides marketing, underwriting, and recording services, and certifies and engages contractors.

New Jersey -- The PACE-enabling legislation in NJ retains approval authority at the state level (Dept. of Community Affairs, in coordination with the Board of Public Utilities) over each municipality's PACE program design. It does not provide state-wide administration or assistance in running the programs.

New York -- NYSERDA sets standards of cost-effectiveness, audits, reporting, technologies, contractors, etc., and provides technical assistance to jurisdictions that vote to establish a PACE program.

State-Wide Assessments

State-level PACE-enabling statutes authorize localities to place “special assessments” with senior liens on the properties of willing owners, and to make collections thereon. None of the statutes except DC’s and Colorado’s, however, creates a state-wide PACE District with authority to impose such assessments and liens.²²

Structure of State-Wide Administrators

The CT and NY statutes delegate technical and financial assistance responsibilities (and budgets) to quasi-independent Authorities (CCEF, NYSERDA). DC’s law gives the Mayor authority to “contract” for an Administrator and defines its duties, but does not specify its structure. Colorado’s statutes create a state-wide District with authority to issue bonds and to levy special assessments on properties whose owners consent to them. In New Jersey and Texas, there is a state-wide non-profit provider of technical assistance, but it is funded by voluntary contributions from the business and advocacy communities, not by taxpayers or ratepayers.

Summary of Structural Solutions

A review of the various PACE programs across the country suggests three categories of “solutions” to the problem of how best to provide state-wide administration and technical assistance services:

- (1) The “Statutory District” Solution: a state-wide district that can make assessments and collections, create senior liens, sell bonds for financing, and provide assistance to property owners – **DC, CO**
- (2) The “Authority” Solution: a state-wide Authority (existing or created for this purpose) that is funded by taxpayers and/or utility ratepayers to set standards and provide financial and technical assistance, but does not have property assessment authorization – **CT, NY**
- (3) The “Independent NPO” Solution: a state-wide non-profit organization, funded by voluntary contributions from business and advocacy groups, with a charter to provide technical assistance to property owners but without statutory authorization either to make assessments or to use taxpayer or ratepayer funds – **NJ, TX**

2. TABLE OF PACE ENABLING LEGISLATION REGARDING STATEWIDE ADMINISTRATIVE STRUCTURES

Unless otherwise noted, these statutes all define “eligible measures” or “energy projects” essentially as the usual energy efficiency (EE) and renewable-energy (RE) property improvements, although they provide for various limitations. They also all set up the usual kind of legislative process requirements, PACE assessments, liens, financing provisions (usually including tax-exempt, revenue-bonding authority), underwriting criteria, and collection provisions. The “General Purpose” notes that follow are focused on provisions that relate in some degree to state administration of a PACE “Program” (which is in no case clearly defined). The relevance of each statute to some form of state-level administration or PACE structure is noted as essentially “none,” peripheral,” or “relevant.”

²² The legislative “findings” behind Colorado’s state-wide “New Energy Improvement District” constitute an elaborate maneuver around various constitutional and legislative barriers to such assessments.

STATE	STATUTES	DATE APPROVED	GENERAL PURPOSE	STATE ADMIN RELEVANCE
CA	AB 811, Chap. 159	Jul-08	Adds EE, RE, and DG to improvements that a local government and its citizens can finance via voluntary assessments.	None
CA	AB 474	Oct-09	Adds Water Efficiency	None
CA	SB 77	Apr-10	Establishes a Reserve Fund at CA Energy Transportation Authority to purchase localities' PACE financing paper, including underwriting criteria; gives the Authority rights to purchase projects or energy from anyone; sets up a LLR for small projects.	Peripheral
CA	SB 555, C 493	Oct-11	Enables "community facilities districts" to finance property improvements using PACE.	Peripheral
CA	SB 279	Oct-13	Clarifies the "District" status of San Fran Bay Restoration Authority and its ability to impose programs on the included counties	None
CO	HB 08-1350	May-08	Authorizes PACE programs where counties or municipalities create special Districts and obtain voter authorization; creates the CO Clean Energy Development authority; encourages EE and RE investments	Peripheral
CO	SB 10-100	May-10	Allows PACE districts to cross county boundaries and be noncontiguous; clarifies utility rights, bond approvals, and notification requirements; allows improvements on a "community" location as well as on buildings.	None
CO	HB 10-1328	Jul-10	Creates a state-wide "new Energy Improvement District" with bonding authority and PACE-assessment authority on property owners (initially residential only) who choose to join. Counties can opt in. A "Program Administrator" can be engaged to do financing and marketing. Initially limited to \$25,000 per property. Governing Board of 9-11 members. ²³ Initial bond issue = \$800M. Law gives the NEID all the normal powers of corporations and public authorities. Counties can engage the NEID to run their programs. State pledges not to interfere with NEID operations of bonding. Utilities can count savings toward their targets if they assist the program. The Article has a sunset of 1/1/16 except for outstanding bonds. A \$10M LLR fund created in Treasury, available to all PACE Districts.	Relevant

²³ Cabinet Energy + Economic Development; five appointed by Gov. (Affordable Housing, Lending, Attorney, EE, and local government); one appointee of the Speaker, one of Senate President, and one of Minority Leader in each House.

CO	SB13-121		Adds commercial properties to the NEID Authorization, removes the \$\$ caps, expands the eligible technologies. It also removes the Legislature's appointee authority to the Board. Adds private financing options. Modifies mortgagor consent processes. Repeals the Sunset. Deletes the Board's "attorney" and "local govt." appointee qualifications in favor of utility and industry experience. Increases the NEID's role in aggregating applicants for financing. Prohibits assessors from including EE/RE improvements. Extends State's pledge of noninterference to private financiers.	Relevant
CT	SB 1243 (Public Act 11-80)	Jul-11	Creates CEFIA. Combines regulatory & clean energy functions in DEEP, incl. the Ratepayer PBC-supported Clean Energy Fund (PUC + DEP + CEF = DEEP). Allows any munic. to set up a PACE program. Sets targets, RPSSs, and RECs for Renewables and CHP. Permits "virtual net metering" among municipal facilities. Provides financing support of various forms. Imposes various requirements on utilities, and takes over from utilities the IRP process. Sets appliance efficiency standards. CEFIA given bonding authority and may seek CDFI qualification. May charge a fee for financing. Board appointed by Gov + Legislature. NOTE: Although PACE authority is created by same statute that established CEFIA, it is vested in CT municipalities, not administered by the State. DEEP shall, however, establish standard EPC terms and processes, and may charge state or municipal agencies a fee for TA.	Relevant
CT	SB 501, section 157	Jun-12	Authorizes CEFIA to issue bonds and finance a "Commercial Sustainable Energy Program," and to make the rules for such financing, which participating municipalities must follow if they elect to enter into a PACE Agreement with CEFIA. The commercial property tax liens may then be assigned by the municipality to CEFIA, which may elect to package the loans and set up trust agreements with third parties (e.g., banks). This Section provides funding for CEFIA to provide financing, marketing, and technical services to municipalities that elect to place liens on willing properties, but it does not make the State a party to the transactions except via the Municipality-CEFIA Agreement. Presumably a municipality could run its own PACE Program using private capital.	Relevant

DC	Title 47, Chap 8 amended Section 8-1778.01 et seq	Mar-10	The District is unique in having municipal, county and state territories and citizens coincident, and can itself place liens on willing property owners for PACE financing. The Energy Efficiency Financing Act creates a “statewide” administrative structure with an Administrator under contract with the Mayor to manage the Energy Efficiency Loan program, and a Quality Assurance program. The Administrator provides marketing, underwriting, and recording services, and certifies and engages contractors.	Relevant
FL	HB 7179	Apr-10	Authorizes counties, municipalities, and special Districts (alone or in partnerships) to provide PACE financing to willing owners. Allows them to contract out the PACE administration to NPOs or profit companies. Eligible measures include EE, RE, and “wind resistance.”	Peripheral
MI	HB 5640	Dec-10	Allows local units of govt. to establish PACE Districts, alone or in partnerships, with the usual provisions.	Peripheral
MN	Chap. 216 Section 4 (216C.436)	2010	Permits a local govt. to establish a PACE program, with the usual provisions. Requires cooperation with local utility.	Peripheral
MN	Chap. 389, Article 7		Allows the local govt. to name an “Implementing Entity” by resolution, to administer PACE. This Entity, which may be an authority, may establish a PACE financing program and issue revenue bonds. ²⁴	Relevant
NY	Article 5-L, Sec. 119 AB 8862	Nov-09	Any NY county, city, town, or village authorized to establish a PACE program using federal support. NYSERDA sets standards of cost-effectiveness, audits, reporting, technologies, contractors, etc. “Refuse and Garbage Improvement Districts” extended to allow PACE. Home Rule legislation used for broader PACE authority (e.g., Babylon, Bedford, Binghamton).	Relevant
ME		Apr-10	Maine received a \$30 million DOE Better Buildings grant to set up a PACE program, with maximum loans of \$15,000, essentially intended for residential markets. The state passed enabling legislation for localities to opt into the program, and strengthened Efficiency Maine Trust to administer the program. In Maine, PACE loans are subordinate to mortgages. ²⁵ Presumably private capital could be used to extend the program to commercial properties, but the loan cap and subordination would have to be changed.	Peripheral
OH	HB 1	Jul-09	Authorizes localities to set up SIDs for PACE financing of solar. Cleveland and Toledo have created PACE SIDs.	None
OH	SB 232	Jun-10	Expanded to other RE plus EE.	None
WI	AB 255	May-09	Grafted PACE on to special district legislation, residential	None

²⁴ Attorney involved in legislation: Stefanie N. Galey, Faegre & Benson LLP, sgaley@faegre.com, 612-766-7661.

²⁵ Thus surmounting the FHLMC barrier.

WI	SB 624	May-10	Added water, non-residential properties.	None
WI	SB 425	Feb-12	Allows the private financier to collect the debt service. Financing and many rules of eligibility etc. set by localities.	Peripheral
NJ	SB1406	Jan-12	Authorizes municipalities, with approval of the State Department of Community Affairs, to provide PACE financing and make Special Assessments. The municipality can issue bonds or ask the county development authority to issues them. The Board of Public Utilities can set limits on such financing. The Director of Local Government Services in DCA “is authorized and empowered to take such action as deemed necessary and consistent with the intent of this Act to implement its provisions.”	Relevant
NJ	AB3898	Jan-14	Both houses passed legislation that would add “storm resistance” to PACE financing, allow private financing, and clarify administration – however, Governor did not sign by end of Session.	Relevant if signed
TX	SB385	Jun-13	Authorizes municipalities and counties to place PACE assessments on willing property owners, who may finance the improvements using either private loans or (if the jurisdiction issues them) bond proceeds. Water and energy projects eligible. The jurisdiction must first describe its methods of financing, underwriting, assessments, marketing, and quality control. Administration is local but jurisdictions may join. Mortgagor consent required. As NPO Business Coalition (including at least 3 large ESCOs) is developing technical assistance documents.	Peripheral

APPENDIX B – Property Tax Policy

STATE PROPERTY TAX EXEMPTIONS		
State	Statute or Authority	Summary of Statute or Authority
CA	CONST 13. 3	Grants exemptions to: (a) Property owned by the State. (b) Property owned by a local government, except as otherwise provided in Section 11(a). (c) Bonds issued by the State or a local government in the State. (d) Property used for libraries and museums that are free and open to the public and property used exclusively for public schools, community colleges, state colleges, and state universities. (e) Buildings, land, equipment, and securities used exclusively for educational purposes by a non-profit institution of higher education. (f) Buildings, land on which they are situated, and equipment used exclusively for religious worship.
CA	Tax and Revenue Code Section 201-242	Reiterates above, and includes more provisions and specificities related to exemptions.
DC	§ 47-1002	Grants real property exemptions to qualifying: art gallery buildings (and) library buildings, and other buildings belonging to and operated by institutions which are not organized or operated for private gain, hospital buildings (and) buildings belonging to and operated by schools, colleges, or universities which are not organized or operated for private gain; churches, including buildings and structures reasonably necessary and usual in the performance of the activities of the church; buildings belonging to religious corporations or societies primarily and regularly used for religious worship, study, training, and missionary activities; buildings owned by and actually occupied and used for legitimate theater, music, or dance purposes by a corporation which is not organized or operated for commercial purposes or for private gain; and multifamily and single family rental and cooperative housing for, and individual condominium units rented to low and moderate income persons which are receiving assistance.
CT	Chapter 203, Section 81	Grants real property tax exemptions to property of the United States; state property and reservation land; municipal property; property held by trustees for public purposes; property of volunteer fire companies and property devoted to public use; property used for scientific, educational, literary, historical, charitable or open space land preservation purposes (housing subsidized, in whole or in part, by federal, state or local government and housing for persons or families of low and moderate income shall not constitute a charitable purpose under this section, "housing" does not include temporary housing, orphanages, rehabilitation centers, housing for homeless, disabled, or abused persons); college property; personal property loaned to tax-exempt educational institutions; personal property of religious organizations devoted to religious or charitable use; houses of religious worship; property of religious organizations used for certain purposes (school, daycare, non-profit camp, parish house, home for children, thrift shop); hospitals and sanatoriums (provided no officer, member or employee thereof receives or, at any future time, shall receive any pecuniary profit from the operations thereof, except reasonable

		compensation for services in the conduct of its affairs), and many other types of personal and commercial property.
CT	Chapter 203, Section 12-89	The board of assessors of each town, consolidated town and city or consolidated town and borough shall inspect the statements filed with it and required by sections 12-81 and 12-87 from scientific, educational, literary, historical, charitable, agricultural and cemetery organizations, shall determine what part, if any, of the property claimed to be exempt by the organization shall be in fact exempt and shall place a valuation upon all such property, if any, as is found to be taxable.
CT	Chapter 203, Section 12-89a	Any organization claiming exemption from property tax in any municipality in which real or personal property belonging to such organization is situated, which exemption is claimed with respect to all or a portion of such property under the provisions of any of the subdivisions (7), (8), (10), (11), (12), (13), (14), (15), (16), (18), (27), (29), (49) or (58) of section 12-81, may be required upon request, at any time, by the assessor or board of assessors in such municipality to submit evidence of certification from the Internal Revenue Service, effective at the time of such request and in whatever form is then in use under Internal Revenue Service procedure for purposes of such certification, that such organization has been approved for exemption from federal income tax as an exempt organization under Section 501(c) or 501(d) of the Internal Revenue Code.
CT	Chapter 203, Section 12-109	All property exempted from taxation except public highways, streets and bridges, shall be listed, valued and assessed annually by the assessor of each municipality and such valuation shall be added by the assessor to the grand list in such manner as to be separate from the valuation of property not exempted from taxation.
FL	Title XIV, 96.196	Sets criteria for determining whether a property is entitled to a charitable, religious, scientific, or literary exemption. Following criteria are applied: nature and extent of charitable, religious, scientific or literary activities of applicant; extent to which the property has been made available to groups who perform exempt purposes; only those portions of property used predominantly for charitable, religious, scientific, or literary purposes shall be exempt; property owned by an exempt organization is used for a religious purpose if the institution has taken affirmative steps to prepare the property for use as a house of public worship; except as otherwise provided herein, property claimed as exempt for literary, scientific, religious, or charitable purposes which is used for profitmaking purposes shall be subject to ad valorem taxation; Property owned by an exempt organization qualified as charitable under s. 501(c)(3) of the Internal Revenue Code is used for a charitable purpose if the organization has taken affirmative steps to prepare the property to provide affordable housing to persons or families that meet the extremely-low-income, very-low-income, low-income, or moderate-income limits, as specified in s. 420.0004.
FL	Title XIV, 196.192	<p>(1) All property owned by an exempt entity, including educational institutions, and used exclusively for exempt purposes shall be totally exempt from ad valorem taxation.</p> <p>(2) All property owned by an exempt entity, including educational institutions, and used predominantly for exempt purposes shall be exempted from ad valorem taxation to the extent of the ratio that such predominant use bears to the nonexempt use.</p>

		(3) All tangible personal property loaned or leased by a natural person, by a trust holding property for a natural person, or by an exempt entity to an exempt entity for public display or exhibition on a recurrent schedule is exempt from ad valorem taxation if the property is loaned or leased for no consideration or for nominal consideration.
FL	Title XIV, 196.195	Sets criteria for determining whether an entity is non-profit or for-profit. No application for exemption may be granted for religious, literary, scientific, or charitable use of property until the applicant has been found by the property appraiser or, upon appeal, by the value adjustment board to be non-profit as defined in this section.
MN	272.02	The law states that an assessor may exempt a 501(c)3 organization from state and local taxes based on the following criteria: “(1) whether the stated purpose of the undertaking is to be helpful to others without immediate expectation of material reward; (2) whether the institution of public charity is supported by material donations, gifts, or government grants for services to the public in whole or in part; (3) whether a material number of the recipients of the charity receive benefits or services at reduced or no cost, or whether the organization provides services to the public that alleviate burdens or responsibilities that would otherwise be borne by the government; (4) whether the income received, including material gifts and donations, produces a profit to the charitable institution that is not distributed to private interests; (5) whether the beneficiaries of the charity are restricted or unrestricted, and, if restricted, whether the class of persons to whom the charity is made available is one having a reasonable relationship to the charitable objectives; and (6) whether dividends, in form or substance, or assets upon dissolution, are not available to private interests.”
MN	Op.Atty.Gen., 408C, Aug. 22, 1956 ²⁶	Unless specifically stated in statute, if a property is exempt from property tax, it is still subject to special assessments. Special assessments are a fee for a service, they are not a traditional “tax.” Therefore, they are levied in a different manner and exempt property must pay them unless specifically exempted from them by law. This was confirmed in a 1956 Attorney General opinion which stated that though churches, church property, and houses of worship are exempt from general taxation, they are not exempt from special assessment.
NY	RPT Article 4 (420-489) ²⁷	Provides exemptions and exemption qualification criteria for: non-profit organizations; certain low-income housing units; certain multiple dwellings; non-for-profit housing companies; institutes of arts and sciences; hospitals; religious organizations; historical societies; certain housing companies occupied by senior citizens or disabled persons; non-profit medical and dental services; etc.

²⁶ Taken from the MN Property Assessor’s Guide

²⁷ <http://public.leginfo.state.ny.us/lawssrch.cgi?NVLWO>

NY	RPT Article 4 420-A ²⁸	<p>Non-Profits are exempt from:</p> <ol style="list-style-type: none"> 1. General Municipal and School District Taxes: 100% of assessed value. 2. Special Ad Valorem Levies and Special Assessments: 100% of assessed value or other basis of assessment <p>The exemption applies to all levies and assessments imposed by counties, county special districts, towns, and town special districts except (1) charges levied to pay for the capital costs of sewer systems, water supply systems, waterways and drainage improvements, and streets and highways, and (2) special assessments for indebtedness contracted before 7/1/53. The exemption does not apply to special assessments imposed by cities or villages.</p>
GA	State Code 48-5-41	<p>The general rule for all exemptions is:</p> <ol style="list-style-type: none"> 1. The owner of the property must be a non-profit organization (a copy of your IRS 501(c)(3) award letter will be requested); 2. The owner itself must be using the property; 3. The use of the property by the owner must be for a purpose expressly exempted in Georgia Code. <p>A property will not qualify if it is primarily used by a person or organization other than the owner of record, or if it is rented, leased, or used for the primary purpose of securing an income. Mere latent ownership of a property by a non-profit organization will not qualify the property for exemption.</p> <p>Properties that are eligible are: places of religious worship, no rent single family housing owned by religious organizations, purely public charities, all places of burial, non-profit hospitals, educational institutions, air or water pollution facilities, non-profit homes for the aged or mentally disabled, veterans organizations, and historical fraternal benefit associations chartered prior to January 1, 1880.</p>
OR ²⁹	<p>ORS 307.140 ORS 307.145 ORS 307.136 ORS 307.130</p>	<p>Provide exemptions for: religious organizations; schools; fraternal organizations; and literary, benevolent, charitable organizations, scientific institutions, volunteer fire departments, and art museums.</p> <p>There are over 100 exemption programs in Oregon. Exemptions can be either full or partial, depending on the program requirements and the extent to which the property is used in a qualifying manner.</p> <p>Most exemptions granted to non-governmental entities are granted to religious, fraternal, literary, benevolent, or charitable organizations. The exempt property must be reasonably necessary and used in a way to achieve the organization's purpose. Any portion of the property that does not meet the requirements of the exemption program is taxable.</p>

²⁸ Explanation of non-profit tax:

http://www.tax.ny.gov/research/property/assess/manuals/vol4/pt2/sec4_05/sec420_a.htm

²⁹ http://www.oregon.gov/dor/PTD/docs/property-tax-exemptions_310-664.pdf

		Some property is taxed at a reduced value through a special assessment program. In that case, the lower assessed value results in a reduced tax liability. Examples of special assessment programs include historic property, farmland, forest land, and conservation easement.
MD	§7–202 ³⁰	<p>Exempts: fraternal organizations; property that is necessary for and actually used exclusively for a charitable or educational purpose to promote the general welfare of the people of the State is owned by: a non-profit hospital; a non-profit charitable, fraternal, educational, or literary organization including: a public library that is authorized under Title 23 of the Education Article; and a men's or women's club that is a non-political and non-stock club; a corporation, limited liability company, or trustee that holds the property for the sole benefit of an organization that qualifies for an exemption under this section; or a non-profit housing corporation.</p> <p>No organization is automatically exempt without first having to apply and demonstrate that the actual use of the property is within the limited purposes prescribed in the particular exemption statute. The fact that a property is being used for non-profit purposes will not merit an exemption unless the use is one specifically exempted by law.</p>
AK	CONST 16. 5b	The following property shall be exempt from taxation: public property used exclusively for public purposes; churches used as such; cemeteries used exclusively as such; school buildings and apparatus; libraries and grounds used exclusively for school purposes; and buildings and grounds and materials used exclusively for public charity.
AK	Assessor's Guide ³¹	<p>General Rules:</p> <p>5. You may split the property when part is exempt and the other is not.</p> <p>8. It may be helpful to know that an entity holds a "501(c)(3)", or other tax exemption designation, from the Internal Revenue Service but it is absolutely not determinative of whether the property of that entity is exempt from property tax.</p> <p>9. Likewise, it is helpful to know that an entity holds a charter from the Secretary of State as a "Non-profit" corporation, but such fact alone is not determinative of the question as to whether or not the entity is exempt from property tax. An entity can, for example, be a church or a charity without being incorporated.</p>
LA	CONST 7.21	The following property and no other shall be exempt from ad valorem taxation: (a) public lands and other public property used for public purposes; property owned by a non-profit corporation or association organized and operated exclusively for religious, dedicated places of burial, charitable, health, welfare, fraternal, or educational purposes, no part of the net earnings of which inure to the benefit of any private shareholder or member thereof and which is declared to be exempt from federal or state income tax; and (b) property leased to such a

³⁰ http://mgaleg.maryland.gov/2015rs/statute_google/gtp/7-202.html

³¹ <http://www.state.ar.us/acd/pdfs/exemption-guidelines.pdf>

		<p>non-profit corporation or association for use solely as housing for homeless persons, as defined by regulation, such contract of lease shall recite that the property shall be used exclusively for the purpose of housing the homeless; property of an organization such as a lodge or club organized for charitable and fraternal purposes and practicing the same, and property of a non-profit corporation devoted to promoting trade, travel, and commerce, and also property of a trade, business, industry or professional society or association, if that property is owned by a non-profit corporation or association organized under the laws of this state for such purposes.</p> <p>None of the property listed in Paragraph (B) shall be exempt if owned, operated, leased, or used for commercial purposes unrelated to the exempt purposes of the corporation or association.</p>
TX	<p>Tax Code Sections:³²</p> <p>11.18, 11.1827, 11.20, 11.184, 11.21, 11.11</p>	<p>Grants exemptions for: charitable organizations generally; community land trusts for the purpose of providing affordable housing for low-income and moderate-income residents; primarily charitable organizations; religious organizations, places of religious worship and clergy residences owned by qualified religious groups; private schools; and public property, including educational institutions.</p>

³² Texas guide to and list of more exemptions: <http://www.window.state.tx.us/taxinfo/proptax/pdf/96-1740.pdf>