Background

The Assessor’s Office (Assessor) is one component of the Riverside County Assessor-County Clerk-Recorder and is located at 2720 Gateway Drive, Riverside, California. The Assessor is responsible for providing accurate and timely property assessments and determining eligibility for various property tax exemptions and exclusions. The County Clerk has a variety of duties including filing fictitious business names, issuing marriage licenses, and performing marriage ceremonies. The Recorder maintains various land and financial documents for the County and collects fees.

Corona is a city in western Riverside County, California. As of the 2010 census, the city had a population of 152,374, up from 124,966 at the 2000 census. The cities of Norco and Riverside lie to the northeast, Eastvale to the north, Chino Hills to the northwest, Yorba Linda, the Cleveland National Forest and the Santa Ana Mountains to the southwest. Corona was incorporated in 1896 and named Corona, which is Spanish for Crown, in honor of the City’s circular Grand Boulevard. It was nicknamed the Lemon Capital of the World due to numerous products of the Lemon Exchange By-products Company in the first half of the 20th century.

The Riverside County Grand Jury (Grand Jury) received a detailed complaint in July 2015, the subject of which led the Grand Jury to review the practices and procedures of the Assessor. While investigating the Corona Cemetery Association (CCA), commonly known as Sunnyslope Cemetery, the Grand Jury discovered that the Assessor had, for an undetermined period, assigned the cemetery as a cemetery special district cemetery of the County. Public cemeteries are special districts and are owned and operated by the federal, state, or local governments. Cemetery Special Districts are not operated for a profit, making them exempt from paying property taxes. The CCA is not, and never has been a Cemetery Special District of the County. Had they had been assigned correctly, they would have been subject to property taxes unless they had applied for and been granted a non-profit status. Even if they had applied for non-profit status, the unused portion of the cemetery would have been subject to taxation. Section 3(g) of Article XIII of the California Constitution provides the legal basis for property tax exemptions for cemeteries. This CCA is a private non-profit cemetery. However, the non-profit status had been suspended in 2007 by the State of California Franchise Tax Board (FTB) for non-filing. Private non-profit cemeteries are operated by means of a corporation and the valuations for property tax purposes vary. California State Board of Equalization’s Assessors’
Handbooks §§265 and 516, dated August 1977 and January 1983 respectively, and reprinted in January 2015, are used for assessment of cemeteries. According to the Assessor there are approximately 1,680 tax exempt or non-profit organizations within the County. This includes welfare, church and religious, and cemetery exemptions.

Methodology

Interviewed:
- Officials of the Riverside County Assessor - County Clerk-Recorder
- Telephonic interviews with employees of the FTB
- City Manager of Corona

Researched:
- Letter from Assessor to CCA dated December 15, 2015
- Secretary of State
- Section 3(g) of Article XIII of the California Constitution
- California State Board of Equalization’s Assessors’ Handbooks §§264 and 516 dated August 1977 and January 1983 respectively, and reprinted in January 2015
- CCA’s incorporation document dated 1942
- California Secretary of State website

Visited:
- Riverside County Local Agency Formation Commission (LAFCO)
- Riverside County Assessor’s Office
- City Manager of the City of Corona
Findings

Non Profit / Tax Exempt

1. The CCA is not, and has never been, a cemetery district per LAFCO. Furthermore, the CCA had lost its non-profit status with the FTB in 2007. The Grand Jury investigation discovered that the Assessor erroneously assigned three parcels of land at the CCA as a cemetery district. After the Grand Jury met and discussed with the assessor’s office, the assessor sent a letter to the CCA board informing them they owe the current year (2015) property taxes plus the previous three years property taxes unless the CCA revives its non-profit status with the State and the County. Additionally, the assessor has no policies or procedures in place to review the tax exempt or non-profit organization’s status.

City of Corona

2. The Grand Jury found the CCA, despite the loss of its non-profit status in 2007, was not required to pay for its city business license annual renewal. The CCA status had not been reviewed by the City of Corona for at least 10 years.

The Grand Jury interviewed the Corona City Manager concerning the lack of policies for issuing business licenses to non-profit businesses. The City Manager was asked if the non-profit status given to businesses within the City of Corona was ever rechecked and verified. He answered “I don’t know, but that’s a good question.”
Recommendations

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1. The Assessor establish a policy and procedure to annually review organizations within the County that are given a property tax exemption or have filed and received a non-profit status with the State. The policies and procedures will assure these organizations are still entitled to their property tax exemption or non-profit status. The assessor establish a procedure for citizens to report or file a complaint when citizens suspect an organization is no longer entitled to its tax exemption.

2. The City of Corona establish policies and procedures for the verification of non-profit status of organizations to avoid oversight.

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