

# NONPROFIT GUIDELINES AND REQUIREMENTS

## Documentation Requirements:

- A letter to the Assessor requesting exemption
- Copy of By-Laws
- Copy of Articles of Incorporation
- Copy of IRS 501(c)(3) or 501(c)(4)
- Documentation supporting/describing the activities of the organization. For example, brochures, pamphlets and web pages are acceptable forms of documentation.

NOTE: 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)

## TYPE OF NONPROFIT EXEMPTION REQUESTED

### Religious:

Property used exclusively for religious purposes includes the following: places of worship, the residence of bishop, pastor, priest, rabbi, minister of a recognized religious organization and lots required by local ordinance for parking.

### Charitable:

Perform activities which relieve the government of its burden through benevolent acts from citizens in the community, serve a public benefit serving the public at large, service available to public regardless of user's ability to pay.

There is no dominant profit motive, income derived does not exceed operating expenses (debt service not allowable expense) and must be actively engaged in the charitable programs or functions as stated in the Articles of Incorporation.

### Education

Activities which educate, edify, train and develop individuals. The institution must have improved classroom space or the property and be primarily and substantially used for educational purposes. Systematic instruction including written course descriptions, instructions given which lead to certification, a degree or qualification to move to higher level of former education, regularly scheduled classes and be open to public. Substantial public benefit derived and must be approved through Alaska Commission of Post-Secondary Education, professional organizations or other nationally recognized organizations that certify educational programs.

### Hospital

For hospital use, that property owned by a nonprofit corporation and which is used to provide medical, surgical or psychiatric care, including necessary administrative, maintenance, parking and similar improvements and which is licensed as a hospital by the state; but **not** including space leased to medical doctors or other health or medical practitioners.

### Community Purpose (Obtain form on file with the Assessor's Office)

The Organization **cannot be organized for business or profit making purposes** and the property is to be used **exclusively for community purpose** provided that **income derived from rental of the property does not exceed the cost to the owner by use of the renter.**

The property must benefit a significant portion of the public and the organization must have a current 501(c)(3) or 501(c)(4). Application must be filed no later than January 31 of each year for which the exemption is sought. By-Laws and Articles of Incorporation are required.

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## Policy on Community Purpose Exemption

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 applicant must maintain a current 501(c) (3) or 501(c) (4) IRS non-profit classification.
- The property use must be directly related to the qualifying community purpose, and the property must be used exclusively for the community purpose
- The organization using the property must provide the community purpose benefits to a significant portion of the community
- The receipt of the benefit by that portion of the community must benefit the community as a whole
- The community purpose benefit must be open to the public without reservation, membership, exclusion or fee
- The income derived from rental of the property must not exceed the actual cost to the owner of use by the renter

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

- Property utilized as long-term residential housing
- Activities which require a membership fee
- Activities which are not open to the general public
- Activities where the main community purpose benefit is derived from spectator attendance