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Amendment No. ____ (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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The Committee on Finance & Taxation offered the following:

Amendment (with title amendment)

On page2..., line(s) ..3 and 4....., remove from the bill: all of said lines.

and insert in lieu thereof:

Section 2. Effective January 1, 1998, section 196.195, Florida Statutes, is amended to read:

196.195 Determining profit or nonprofit status of applicant.--

(1) Applicants requesting exemption shall supply such fiscal and other records showing in reasonable detail the financial condition, record of operation, and exempt and nonexempt uses of the property, where appropriate, for the immediately preceding fiscal year as are requested by the property appraiser or the value adjustment board.

(2) In determining whether an applicant for a religious, literary, scientific, or charitable exemption under this chapter is a nonprofit or profitmaking venture or whether the property is used for a profitmaking purpose, the following

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1 criteria shall be applied:

2 (a) The reasonableness of any advances or payment
3 directly or indirectly by way of salary, fee, loan, gift,
4 bonus, gratuity, drawing account, commission, or otherwise
5 (except for reimbursements of advances for reasonable
6 out-of-pocket expenses incurred on behalf of the applicant) to
7 any person, company, or other entity directly or indirectly
8 controlled by the applicant or any officer, director, trustee,
9 member, or stockholder of the applicant;

10 (b) The reasonableness of any guaranty of a loan to,
11 or an obligation of, any officer, director, trustee, member,
12 or stockholder of the applicant or any entity directly or
13 indirectly controlled by such person, or which pays any
14 compensation to its officers, directors, trustees, members, or
15 stockholders for services rendered to or on behalf of the
16 applicant;

17 (c) The reasonableness of any contractual arrangement
18 by the applicant or any officer, director, trustee, member, or
19 stockholder of the applicant regarding rendition of services,
20 the provision of goods or supplies, the management of the
21 applicant, the construction or renovation of the property of
22 the applicant, the procurement of the real, personal, or
23 intangible property of the applicant, or other similar
24 financial interest in the affairs of the applicant;

25 (d) The reasonableness of payments made for salaries
26 for the operation of the applicant or for services, supplies
27 and materials used by the applicant, reserves for repair,
28 replacement, and depreciation of the property of the
29 applicant, payment of mortgages, liens, and encumbrances upon
30 the property of the applicant, or other purposes; and

31 (e) The reasonableness of charges made by the

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1 applicant for any services rendered by it in relation to the
2 value of those services, and, if such charges exceed the value
3 of the services rendered, whether the excess is used to pay
4 maintenance and operational expenses in furthering its exempt
5 purpose or to provide services to persons unable to pay for
6 the services.

7 (3) Each applicant must affirmatively show that no
8 part of the subject property, or the proceeds of the sale,
9 lease, or other disposition thereof, will inure to the benefit
10 of its members, directors, or officers or any person or firm
11 operating for profit or for a nonexempt purpose.

12 (4) Notwithstanding the provisions of subsections (2)
13 and (3), a corporation organized as nonprofit under chapter
14 617 which has a valid consumer certificate of exemption
15 pursuant to s. 212.08(7)(o) and which has a valid exemption
16 from federal income tax under s. 501(c)(3) of the Internal
17 Revenue Code is nonprofit. Proof provided by a corporation of
18 its status as described in this subsection shall be sufficient
19 to establish the organization's nonprofit status and any
20 corporation providing such proof is not required to provide
21 any other information in order to establish its nonprofit
22 status.

23 (5)~~(4)~~ No application for exemption may be granted for
24 religious, literary, scientific, or charitable use of property
25 until the applicant has been found by the property appraiser
26 or, upon appeal, by the value adjustment board to be nonprofit
27 as defined in this section.

28 Section 3. Effective January 1, 1998, Paragraph (c) is
29 added to subsection (1) of section 196.196, Florida Statutes,
30 to read:

31 196.196 Determining whether property is entitled to

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1 charitable, religious, scientific, or literary exemption.--

2 (1) In the determination of whether an applicant is
3 actually using all or a portion of its property predominantly
4 for a charitable, religious, scientific, or literary purpose,
5 the following criteria shall be applied:

6 (c) The extent to which the property is used to
7 conduct activities which cause a corporation to qualify for a
8 consumer certificate of exemption under s. 212.08(7)(o). Such
9 activities shall be considered as part of the exempt purposes
10 of the applicant.

11 Section 4. Except as otherwise provided herein, this
12 act shall take effect upon becoming a law.

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15 ===== T I T L E A M E N D M E N T =====

16 And the title is amended as follows:

17 On page1....., between line(s)9.and.10.....,

18
19 insert:

20 amending s. 196.195, F.S.; specifying that
21 certain nonprofit corporations are nonprofit
22 for purposes of determining eligibility for the
23 religious, literary, scientific, or charitable
24 ad valorem tax exemption and providing
25 requirements for establishing such status;
26 amending s. 196.196, F.S.; providing an
27 additional criterion for use in determining
28 whether property is being used for a
29 charitable, religious, scientific, or literary
30 purpose;

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