23701. Organizations which are organized and operated for nonprofit purposes within the provisions of a specific section of this article, or are defined in Section 23701h (relating to certain title-holding companies) or Section 23701x (relating to certain title-holding companies), are exempt from taxes imposed under this part, except as provided in this article or in Article 2 (commencing with Section 23731) of this chapter, if:
   (a) An application for exemption is submitted in the form prescribed by the Franchise Tax Board; and
   (b) A filing fee of twenty-five dollars ($25) is paid with each application for exemption filed with the Franchise Tax Board after December 31, 1969; and
   (c) The Franchise Tax Board issues a determination exempting the organization from tax.
   This section shall not prevent a determination from having retroactive effect and does not prevent the issuance of a determination with respect to a domestic organization which was in existence prior to January 1, 1970, and exempt under prior law without the submission of a formal application or payment of a filing fee. For the purpose of this section, the term "domestic" means created or organized under the laws of this state.
   The Franchise Tax Board may issue rulings and regulations as are necessary and reasonable to carry out the provisions of this article.

23701a. (a) Labor, agricultural, or horticultural organizations other than cooperative organizations described in Section 24404 or 24405 (unless the cooperative organization is determined by the Internal Revenue Service to be an organization described in Section 501(c)(5) of the Internal Revenue Code of 1954, as amended).
   For purposes of this section, the term "agricultural" includes the art or science of cultivating land, harvesting crops or aquatic resources, or raising livestock.
   (b) The amendments to this section by the act adding this subdivision shall be applied in the computation of taxes for taxable years beginning on or after January 1, 1983.

23701b. A fraternal order described in Section 501(c)(8) of the Internal Revenue Code.

23701c. A cemetery company described in Section 501(c)(13) of the Internal Revenue Code.

23701d. (a) Corporations, community chests or trusts, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involved the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation, (except as otherwise provided in Section 23704.5), and which does not participate in, or intervene in
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(including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. An organization is not organized exclusively for exempt purposes listed above unless its assets are irrevocably dedicated to one or more purposes listed in this section. Dedication of assets requires that in the event of dissolution of an organization or the impossibility of performing the specific organizational purposes the assets would continue to be devoted to exempt purposes. Assets shall be deemed irrevocably dedicated to exempt purposes if the articles of organization provide that upon dissolution the assets will be distributed to an organization which is exempt under this section or Section 501(c)(3) of the Internal Revenue Code or to the federal government, or to a state or local government for public purposes; or by a provision in the articles of organization, satisfactory to the Franchise Tax Board; that the property will be distributed in trust for exempt purposes; or by establishing that the assets are irrevocably dedicated to exempt purposes by operation of law. The irrevocable dedication requirement shall not be a sole basis for revocation of an exempt determination made by the Franchise Tax Board prior to the effective date of this amendment.

(b) (1) In the case of a qualified amateur sports organization--
(A) The requirement of subdivision (a) that no part of its activities involve the provision of athletic facilities or equipment shall not apply.
(B) That organization shall not fail to meet the requirements of subdivision (a) merely because its membership is local or regional in nature.

(2) For purposes of this subdivision, "qualified amateur sports organization" means any organization organized and operated exclusively to foster national or international amateur sports competition if that organization is also organized and operated primarily to conduct national or international competition in sports or to support and develop amateur athletes for national or international competition in sports.

23701e. A business league, chamber of commerce, real estate board, or a board of trade described in Section 501(c)(6) of the Internal Revenue Code, except that the phrase "or professional football leagues (whether or not administering a pension fund for football players)" shall not apply.

23701f. (a) A civic league, social welfare organization, or local organization of employees described in Section 501(c)(4) of the Internal Revenue Code, except as otherwise provided.
(b) An organization is not organized exclusively for exempt purposes under Section 501(c)(4) of the Internal Revenue Code unless its assets are irrevocably dedicated to one or more purposes listed in Section 501(c)(4) of the Internal Revenue Code.

23701g. A social organization described in Section 501(c)(7) of the Internal Revenue Code.

23701h. (a) A corporation described in Section 501(c)(2) of the Internal Revenue Code, relating to certain title-holding companies.
(b) (1) Notwithstanding subparagraph (B) of paragraph (2) of subdivision (b) of Section 23038, for purposes of applying Section
501(c)(2) of the Internal Revenue Code under this section, the term "corporation" includes a limited liability company that is classified as a partnership or as a disregarded entity.

(2) A limited liability company that, under the authority of this section, is exempt from the tax imposed by this part is also exempt from the tax and fees imposed under Chapter 10.6 (commencing with Section 17941) of Part 10.

23701i. A voluntary employees' beneficiary association described in Section 501(c)(9) of the Internal Revenue Code.

23701j. A teacher's retirement fund association described in Section 501(c)(11) of the Internal Revenue Code.

23701k. Religious or apostolic corporations, if such corporations have a common treasury or community treasury even if such corporations engaged in business for the common benefit of the members, but only if the members thereof include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of the net income of the corporation for such year. Any amount so included in the gross income of a member shall be treated as a dividend received.

23701l. (a) A domestic fraternal society described in Section 501(c)(10) of the Internal Revenue Code, except as otherwise provided.

(b) For purposes of this section, the term "domestic" means created or organized in the United States or under the law of the United States or of any state or territory therein.

23701n. (a) A supplemental unemployment compensation trust described in Section 501(c)(17) of the Internal Revenue Code, except as otherwise provided.

(b) The following references in Section 501(c)(17)(E) of the Internal Revenue Code shall be modified as follows:

(1) The phrase "under Section 23701" shall be substituted for the phrase "under subsection (a)."

(2) The phrase "Section 23701" shall be substituted for the phrase "paragraph (9) of this subsection."

23701p. A trust or plan which meets the requirements of Public Law 87-792, 76 U.S. Stats. 809, approved October 10, 1962 (the Self-Employed Individuals Tax Retirement Bill of 1962), but only if such trust or plan is not exempt from taxation under Section 17631.

23701r. (a) A political organization. However, a political organization shall be subject to tax under this part with respect to its "political organization taxable income" and such income shall be subject to tax as provided by Chapter 3 (commencing with Section 23501).

(b) For purposes of this section, the political organization taxable income of any organization for any taxable year is an amount equal to the excess over one hundred dollars ($100) (if any) of--

(1) The gross income for the taxable year (excluding any exempt function income), over
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(2) The deductions allowed by this part which are directly connected with the production of the gross income (excluding exempt function income).

(c) For purposes of this section, the term "exempt function income" means any amount received as— (1) A contribution of money or other property, (2) Membership dues, a membership fee or assessment from a member of the political organization, or (3) Proceeds from a political fundraising or entertainment event, or proceeds from the sale of political campaign materials, which are not received in the ordinary course of any trade or business, to the extent such amount is segregated for use only for the exempt function of the political organization.

(d) For purposes of this part, if any political organization— (1) Contributes any amount to or for the use of any political organization which is treated as exempt from tax under subdivision (a) of this section, (2) Contributes any amount to or for the use of any organization described in paragraph (1) or (2) of Section 509 (a) of the Internal Revenue Code of 1954, which is exempt from tax under Section 23701, or (3) Deposits any amount in the General Fund or the Treasury of the United States or in the General Fund of any state or local government, such amount shall be treated as an amount not diverted for the personal use of the candidate or any other person. No deduction shall be allowed under this part for the contribution or deposit of any amount described in the preceding sentence.

(e) For purposes of this section— (1) The term "political organization" means a party, committee, association, fund, (including the trust of an individual candidate) or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function.

(2) The term "exempt function" means the function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any federal, state, or local public office or office in a political organization, or the election of Presidential or Vice Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed. The term includes the making of expenditures relating to an office described in the preceding sentence which, if incurred by the individual, would be allowable as a deduction under Section 162 (a) of the Internal Revenue Code.

(3) The term "contributions" has the meaning given to such term by subdivision (b) of Section 24434.

(4) The term "expenditures" has the meaning given to such term by subdivision (b) of Section 24434.

(f) For purposes of paragraph (1) of subdivision (e), a separate segregated fund (within the meaning of Section 610 of Title 18 of the United States Code or of any similar state statute, or within the meaning of any state statute which permits the segregation of dues money for exempt functions, within the meaning of paragraph (2) of subdivision (e)) which is maintained by an organization described in Sections 23701a through 23701p or Section 23701s which is exempt from tax under Section 23701 shall be treated as a separate organization.

(g) (1) For purposes of this section, a fund established and maintained by an individual who holds, has been elected to, or is a candidate (within the meaning of paragraph (3)) for nomination or
election to, any federal, state, or local elective public office for
use by such individual exclusively for the preparation and
circulation of such individual's newsletter shall, except as provided
in paragraph (2), be treated as if such fund constituted a political
organization.
(2) In the case of any fund described in paragraph (1) the exempt
function shall be only the preparation and circulation of the
newsletter.
(3) For purposes of paragraph (1), "candidate" means with respect
to any federal, state, or local elective public office, an individual
who does both of the following:
   (A) Publicly announces that he or she is a candidate for
       nomination or election to that office.
   (B) Meets the qualifications prescribed by law to hold that
       office.
   (h) The requirements set forth in subdivisions (a), (b) and (c) of
       Section 23701 shall not apply to a political organization or
       newsletter fund described in this section. However, in the case of a
       corporation incorporated or organized in this state or qualified to
do business in this state, such corporation shall either pay the
minimum tax provided in Section 23153 or obtain a certificate of
exemption from the Franchise Tax Board before the corporation files
with the Secretary of State its articles of incorporation or a duly
certified copy thereof.
   (i) The requirements set forth in Section 23772 or Section 23774
       shall not apply to a political organization or newsletter fund.
Further, the requirements set forth in Sections 18505, 18506, and
18601 shall not apply to a political organization or newsletter fund
described in this section, except that if it has political
organization taxable income for any taxable year, the political
organization shall be required to file income tax returns or
statements as determined by the Franchise Tax Board under Chapter 3
(commencing with Section 23501).

23701s. (a) An employee-funded pension trust described in Section
501(c)(18) of the Internal Revenue Code, except as otherwise
provided.
   (b) The last sentence in Section 501(c)(18) of the Internal
Revenue Code, relating to excess contributions under Section 4979,
shall not apply.

23701t. (a) A homeowners' association organized and operated to
provide for the acquisition, construction, management, maintenance,
and care of residential association property if all of the following
apply:
   (1) Sixty percent or more of the gross income of the organization
for the taxable year consists solely of amounts received as
membership dues, fees, and assessments from either of the following:

      (A) Tenant-stockholders or owners of residential units,
residences, or lots.
      (B) Owners of time-share rights to use, or time-share ownership
interests in, association property in the case of a time-share
association.
   (2) Ninety percent or more of the expenditures of the organization
for the taxable year are expenditures for the acquisition,
construction, management, maintenance, and care of association property and, in the case of a time-share association, for activities provided to or on behalf of members of the association.

(3) No part of the net earnings inures (other than by providing management, maintenance, and care of association property or by a rebate of excess membership dues, fees, or assessments) to the benefit of any private shareholder or individual.

(4) Amounts received as membership dues, fees, and assessments not expended for association purposes during the taxable year are transferred to and held in trust to provide for the management, maintenance, and care of association property and common areas.

(b) The term "association property" means:

(1) Property held by the organization.

(2) Property held in common by the members of the organization.

(3) Property within the organization privately held by the members of the organization.

In the case of a time-share association, "association property" includes property in which the time-share association, or members of the association, have rights arising out of recorded easements, covenants, or other recorded instruments to use property related to the time-share project.

(c) A homeowners' association shall be subject to tax under this part with respect to its "homeowners' association taxable income," and that income shall be subject to tax as provided by Chapter 3 (commencing with Section 23501).

(1) For purposes of this section, the term "homeowners' association taxable income" of any organization for any taxable year means an amount equal to the excess over one hundred dollars ($100) (if any) of--

(A) The gross income for the taxable year (excluding any exempt function income), over

(B) The deductions allowed by this part which are directly connected with the production of the gross income (excluding exempt function income).

(2) For purposes of this section, the term "exempt function income" means any amount received as membership fees, dues, and assessments from tenant-shareholders or owners of residential units, residences, or lots, or owners of time-share rights to use, or time-share ownership interests in, association property in the case of a time-share association.

(d) The term "homeowners' association" includes a condominium management association, a residential real estate management association, a time-share association, and a cooperative housing corporation.

(e) "Cooperative housing corporation" includes, but is not limited to, a limited-equity housing cooperative, as defined in Section 33007.5 of the Health and Safety Code, organized either as a nonprofit public benefit corporation pursuant to Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, or a nonprofit mutual benefit corporation pursuant to Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code.

(f) The term "time-share association" means any organization (other than a condominium management association) organized and operated to provide for the acquisition, construction, management, maintenance, and care of association property if any member thereof holds a time-share right to use, or a time-share ownership interest in, real property constituting association property.
(g) The amendments made to this section by the act adding this subdivision shall apply to taxable years beginning on or after January 1, 1998.

23701u. An organization is operated exclusively for exempt purposes listed in Section 23701f and its net earnings are devoted exclusively to charitable purposes if that organization is a nonprofit public benefit corporation organized under Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code, and if the specific and primary purpose for which the corporation is formed is to render financial assistance to government by financing, refinancing, acquiring, constructing, improving, leasing, selling, or otherwise conveying property of any kind to government. This financing ability shall be limited to the issuance of certificates of participation, or similar security arrangements.

For purposes of this section, "government" means the State of California, a city, city and county, county, school district, board of education, public corporation, hospital district, and any other special district.

An organization is not organized exclusively for the exempt purposes referred to in the first paragraph unless its assets are irrevocably dedicated to one or more purposes listed in Section 23701f.

Dedication of assets requires that in the event of dissolution of an organization or the impossibility of performing the specific organizational purposes, including default of lease payments, the assets would continue to be devoted to exempt purposes. Assets shall be deemed irrevocably dedicated to exempt purposes if the articles of organization provide that upon dissolution the assets will be distributed to an organization which is exempt under this section, Section 23701d, or Section 23701f, or under Section 501(c)(3) or Section 501(c)(4) of the Internal Revenue Code or to the federal government, or to a state or local government for public purposes; or by a provision in the articles of organization, satisfactory to the Franchise Tax Board, that the property will be distributed in trust for exempt purposes; or by establishing that the assets are irrevocably dedicated to exempt purposes by operation of law. Any organization that has had its exemption revoked by the Franchise Tax Board for failure to comply with Section 23701f may request a further review of its status under this section.

23701v. (a) An organization of owners of manufactured homes or mobilehomes, who are tenants in a mobilehome park, formed for the purpose of purchasing the mobilehome park to convert it to condominium, stock cooperative, or other resident ownership interests.

(b) An organization shall not fail to meet the requirements of subdivision (a) merely because it manages, maintains, or cares for the mobilehome park it has purchased.

23701w. A veteran's organization, as defined by Section 501(c)(19) of the Internal Revenue Code.
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23701x. (a) A corporation or trust described in Section 501(c)(25) of the Internal Revenue Code, relating to certain title-holding companies.

(b) (1) Notwithstanding subparagraph (B) of paragraph (2) of subdivision (b) of Section 23038, for purposes of applying Section 501(c)(25) of the Internal Revenue Code under this section, the term "corporation" includes a limited liability company that is classified as a partnership or as a disregarded entity.

(2) A limited liability company that, under the authority of this section, is exempt from the tax imposed by this part is also exempt from the tax and fees imposed under Chapter 10.6 (commencing with Section 17941) of Part 10.

23701y. A credit union as defined in Section 14002 of the Financial Code. In addition, those credit unions are exempt from all other taxes and licenses, state, county, and municipal, imposed upon those credit unions, except taxes upon their real property, local utility user taxes, sales and use taxes, state energy resources surcharges, state emergency telephone users surcharges, unrelated business income taxes pursuant to Section 23731, motor vehicle and other vehicle registration license fees, and any other tax or license fee imposed by the state upon vehicles, motor vehicles, or the operation thereof.

23701z. An organization established pursuant to Section 5005.1 of the Corporations Code by three or more corporations as an arrangement for the pooling of self-insured claims or losses of those corporations.