

Letter Opinions

June 1, 1959

LAW LIBRARY
ARIZONA ATTORNEY GENERAL

Senator Hilliard T. Brooke
Box 551
Phoenix, Arizona

Re: Taxation of a charitable corporation in the State of Arizona.

Dear Senator Brooke:

In regard to the question you asked this office about the taxation of a charitable corporation in the State of Arizona which might own real and personal property, and which might engage in different forms of project activities in order to raise money, the following answers have been determined by this office for your benefit.

1. Any real and personal property owned by such a corporation would not be exempt from real or personal property taxation unless said real or personal property came under §42-271, A.R.S. Subsection 4, where the lands, fixtures and equipment are used for the relief of the indigent or afflicted and not used or held for profit.
2. If the charitable corporation is engaged in some project involving manufacturing, it would not be subject to an inventory tax in this state, because Art. 9, § 13, of the Constitution of Arizona, specifically exempts the inventory of manufacturers.
3. A charitable corporation would not be subject to an income tax in the State of Arizona, because §§ 43-147 through 43-149 specifically exempt that type of corporation unless it were operated for profit.

The corporation, in order to secure its exemption under those sections and to have a waiver of taxation from the State Tax Commission would have to be created and kept in conformity with Arizona law on non-profit corporations.

4. A charitable corporation would not be subject to sales taxation on any products sold by it as a fund-raising project since the products sold by such

Senator Hilliard T. Brooke

June 1, 1959
Page Two

corporations are not normally sold at retail and monies received are normally in the form of a donation. However, any materials which are purchased by said corporation for the manufacture of the item to be distributed or any items purchased from a wholesaler for such distribution, would be subject to sales taxation because the State Tax Commission would consider that the charitable corporation was the ultimate user of the same and that they had been purchased not for resale.

If you have any further questions please feel free to contact us.

Sincerely,

WADE CHURCH
The Attorney General

STANLEY Z. GOODFARB
Assistant Attorney General

Glec