



DEPARTMENT OF LAW
OFFICE OF THE
Attorney General
STATE CAPITOL
Phoenix, Arizona 85007

JOHN A. LASOTA, JR.
ATTORNEY GENERAL

July 17, 1978

LAW LIBRARY
ARIZONA ATTORNEY GENERAL

The Honorable Michael Irwin
Yuma County Attorney
P. O. Box 1040
Yuma, Arizona 85364

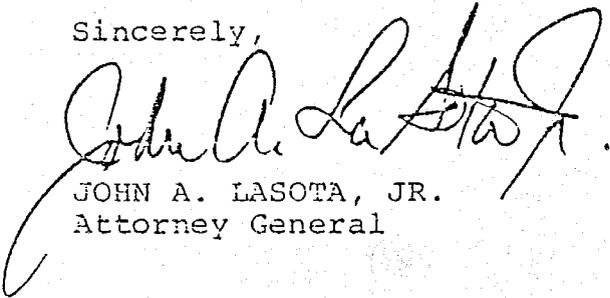
Re: 78-145 (R76-225)

Dear Mr. Irwin:

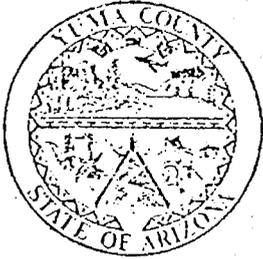
We have recently examined our opinion log and have determined that no answer was given to your opinion request dated May 5, 1976 concerning the applicability of ad valorem property taxes to the welfare farm of the Church of Jesus Christ of Latter Day Saints.

As you know, the issue of taxability of this property has been in litigation since 1976. See, Corporation Presiding Bishop of Church of Latter Day Saints vs. County of Yuma, et al, Yuma County Cause No. 38101. As a matter of policy, the Attorney General does not issue opinions on matters which are in litigation.

Sincerely,


JOHN A. LASOTA, JR.
Attorney General

JAL:EPL:amr



Office of
County Attorney
Yuma County
Yuma, Arizona 85364
P.O. BOX 1048
PHONE: 782-4534

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ATTORNEY GENERAL
PHOENIX, ARIZONA

La Sota

Michael Irwin
YUMA COUNTY ATTORNEY

*R76-225
Wink*

May 5, 1976

The Honorable Bruce Babbitt
Office of the Attorney General
State Capitol Building
Phoenix, Arizona 85003

Dear Mr. Babbitt:

Please render us an opinion on the applicability of A.R.S. §42-271, Subsection 12, as it applies to welfare farms. Enclosed are copies of two letters from the Church of Jesus Christ of Latter-Day Saints describing the operation of a welfare farm in Yuma County.

Very truly yours,

MICHAEL IRWIN
YUMA COUNTY ATTORNEY

MI/sez

Enclosures (2)

cc: Mr. Graham Dodd

LAW DEPARTMENT
336 SOUTH THIRD EAST

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

OFFICE OF THE FIRST PRESIDENCY
SALT LAKE CITY, UTAH 84111

WILFORD W. KIRTON, JR.
OSCAR W. MCCONKIE, JR.
HAROLD R. BOYER
F. BRITON MCCONKIE
RICHARD R. BOYLE
S. BUSHNELL
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HENRY D. STAGG
MYRON L. SORENSEN
REED T. WARNICK (COLO. ONLY)
RAEBURN G. KENNARD
DAVID A. WESTERBY
CARL B. PRATT

April 7, 1976

TELEPHONE
(801) 521-3680

Mr. Michael Irwin
Yuma County Attorney
P. O. Box 1048
Yuma, Arizona 85364

RE: Tax Exemption - LDS Church Welfare Farms

Dear Mr. Irwin:

With regards to the above-referenced matter, this letter will acknowledge receipt of yours dated March 16, 1976 wherein you requested additional information concerning the acquisition and payment of the LDS stake welfare farms in your county.

You will appreciate the fact that I did not have this information readily available to me as these kinds of statistics and records are kept in the Welfare Department of the Church. However, I sent them a copy of your letter and in response to the same, I am happy to provide you with the following facts, which the Welfare Department has advised me reflect the transactions involving the acquisition of the welfare farm.

1) In June of 1964, the members of the Church in Yuma and surrounding counties raised \$37,000.00 in cash from voluntary contributions to make the down payment on the welfare farm. The total purchase price of the farm was \$100,000.00, and the balance of the purchase price came from a loan from the Welfare Committee here in Salt Lake City. This loan has since been repaid to the Welfare Committee from funds raised from contributions of the members of the Church in the Yuma and surrounding counties area.

2) In February, 1971, the Yuma Stake of the Church of Jesus Christ of Latter-day Saints borrowed \$50,000.00 from the Welfare Committee to buy out the equity of the other Latter-day Saints stakes in the farm.

3) In January of 1975, the Yuma Stake sold 20 acres of its farm, which had been initially approximately 40 acres, to S. D. Herman. The 20 acres was planted in white grapefruit, but had become unproductive. The sale was for

Mr. Michael Irwin
April 7, 1976
Page 2

\$50,000.00 with \$34,000.00 being paid in cash at the time of closing and the balance to be financed over a period of time at 9 percent interest. The final payment of this sale is to become due December 28, 1979.

4) From the time of the acquisition of this welfare farm in 1964 until the present, the income or commodities produced on the project have been utilized solely and exclusively to place produce into the welfare program of the Church, plus pay for the operating costs of the farm inasmuch as they could cover the same. When the farm runs any deficit, the difference is made up from contributions of the members of the Church of Jesus Christ of Latter-day Saints who voluntarily donate not only their cash, but their time in raising produce for the poor and needy on this project.

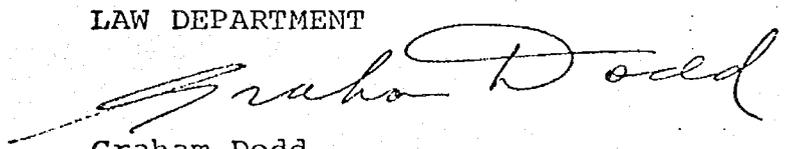
5) The capital acquisition of the original project plus the subsequent acquisition by the Yuma Stake of the Church of Jesus Christ of Latter-day Saints has been paid from contributions of the members of the stakes involved. These contributions are made voluntarily and for the purpose of making this project successful in helping the poor and needy.

I trust that this information will be helpful and will provide what you need, in order for you to submit your question to the Attorney General for his opinion.

However, if you still need further information, kindly advise.

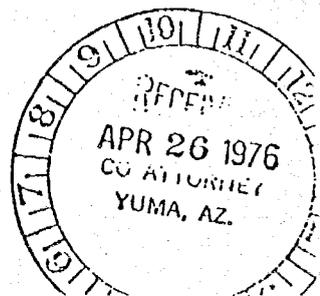
Yours truly,

LAW DEPARTMENT


Graham Dodd
Legal Counsel

GD:tg

cc: Tom Choules



LAW DEPARTMENT
336 SOUTH THIRD EAST

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THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS

OFFICE OF THE FIRST PRESIDENCY
SALT LAKE CITY, UTAH 84111

February 23, 1976

TELEPHONE
(801) 521-3680

Mr. Michael Erwin
Yuma County Attorney
P. O. Box 1048
Yuma, Arizona 85364

RE: Tax Exemption - LDS Church Welfare Farms

Dear Mr. Erwin:

With regards to the above-referenced matter, this letter will acknowledge receipt of yours dated January 22, 1976. You will recall that you requested from me a "more complete set of facts" concerning the operation of the said welfare farm.

In response to and after receipt of your letter, I contacted the Welfare Department of the Church and have been advised that the following facts exist with regards to the operation of the said welfare farm:

1. The Church of Jesus Christ of Latter-day Saints operates one 20-acre welfare farm in Yuma County.
2. The farm is owned by the said Church through one of its corporations sole, and is managed and operated by the Yuma Stake, which is an ecclesiastical unit of the said Church. The person in charge of the said stake is President Tom Choules who resides at 1483 Gateway, Yuma, Arizona 85364. I understand he is an attorney and that you may already know him, and I am sure that he would be free and willing to respond to any questions which you may have the answers to which this letter does not provide.
3. This farm forms a part of a nationwide system of welfare farms owned and operated by the Church of Jesus Christ of Latter-day Saints. In simple form, the welfare system is run and managed by a welfare committee existing at Church headquarters in Salt Lake City. The group in Salt Lake City tries to assess each year what the welfare needs in the various counties and states are going to be, and then request each of the farms to raise its proportionate share of the estimate. The welfare system tries to provide all of the needs of a poor and/or sick and indigent family. You will understand that inasmuch as it is impossible to grow citrus fruits in northern Montana, that the program has to compliment itself with different regions raising

different produce. Therefore, a welfare recipient in Yuma County may receive beef from Montana, potatoes from Idaho, apples from the northwest, and cotton clothing from the south. And visa-versa, welfare recipients in Montana may receive citrus products raised in Yuma which they cannot grow themselves in Montana.

4. The farm in Yuma, Arizona uses 10 of its acres for production of lemons and 10 of its acres for the production of pink grapefruit.

5. During 1975, this farm produced 86,400 pounds of fruit with a dollar value of \$4,320.00 which was delivered directly into the program and distributed to the poor and needy free of charge.

6. In 1975, our records show that members of the Yuma Stake freely donated 559 hours of their time and 954 hours of equipment time to the running of the farm.

7. Our records also show that for 1975, in the State of Arizona, the welfare program of the Church of Jesus Christ of Latter-day Saints distributed \$293,045.51 to needy and poor people, which but for the program would be on the state and/or county welfare rolls.

8. Our records also show that despite the donated labor, donated use and equipment in 1975, the said welfare farm had an expense of \$6,060.00, with a return of only \$3,329.73 from the sale of citrus grapefruit and lemons raised on the project. This, of course, represented a loss for the year 1975.

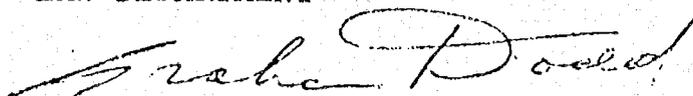
9. Of course, the farm does not have a loss every year, as it is difficult to estimate what the needs for citrus fruits is going to be, and in some years there may accrue a surplus and in some years there may accrue losses. However, the object of the program is to not make a profit and no monies raised in the welfare program goes to any other use than for the benefit of welfare recipients and for the orderly and careful running of the farm itself.

We feel that under the above facts and under the recent change in the Arizona law, that this farm is and does represent a charity, and should be exempted from real and property taxation.

If I can be of further assistance, would you kindly advise.

Yours truly,

LAW DEPARTMENT



Graham Dodd
Legal Counsel