

TAX EXEMPTION: Personal property of charitable organizations is not exempt from taxation.

October 20, 1942

Honorable Ira A. Jones
President
Board of Managers
State Eleemosynary Institutions
Jefferson City, Missouri



Dear Sir:

This is in reply to yours of recent date wherein you request an opinion from this Department on the question of whether or not the "Vernon County Assistance League" is subject to personal property taxes.

From your letter it appears that the "Vernon County Assistance League" is a nonprofit organization formed for purely charitable purposes. It further appears that this corporation functions as a purely non-profitable charitable organization.

Section 6 of Article X of the Constitution of Missouri provides as follows:

"The property, real and personal, of the State, counties and other municipal corporations, and cemeteries, shall be exempt from taxation. Lots in incorporated cities or towns, or within one mile of the limits of any such city or town, to the extent of one acre, and lots one mile or more distant from such cities or towns, to the extent of five acres, with the buildings thereon, may be exempted from taxation, when the same are used exclusively for religious worship, for schools, or for purposes purely charitable, also, such property,

real or personal, as may be used exclusively for agricultural or horticultural societies: Provided, that such exemptions shall be only by general law."

Section 10937, R. S. Missouri, 1939, provides, in part, as follows:

"The following subjects are exempt from taxation:

*****; sixth, lots in incorporated cities or towns, or within one mile of the limits of any such city or town, to the extent of one acre, and lots one mile or more distant from such cities or towns, to the extent of five acres, with the buildings thereon, when the same are used exclusively for religious worship, for schools or for purposes purely charitable, shall be exempted from taxation for state, county or local purposes."

The courts hold that laws exempting property from taxation are to be strictly construed. *Steel v. Casey*, 210 Mo. 235, State ex rel. v. Y.M.C.A., 11 S. W. (2d) 30. The taxes in question are personal property taxes. Examining said Section 6 of Article X of the Constitution and the foregoing provision of Section 10937, it will be seen that lands used "for purposes purely charitable" are exempt, but no exemption is granted on personal property Section 10936, R. S. Missouri, provides, as follows:

"For the support of the government of the state, the payment of the public debt, and the advancement of the public interest, taxes shall be levied on all property, real and personal, except as stated in the next section."

In the case of The City of Kansas v. The Kansas City Medical College, 111 Mo. 141, the question of taxation of office furniture and furniture for the medical college not fastened to the building, belonging to the Kansas City Medical College, was before the court for consideration. At l. c. 145, the court said:

"As will be readily seen, the only question arising upon this record is whether the furniture and appliances used by the defendant in its medical college are subject to taxation. The question is restricted to the personal property of the defendant so used.

"It is conceded that the lot and buildings used for the college are exempt by the general law of the state, but the contention of the city is that the constitution and statute alike limit the exemption to 'the lot with the buildings thereon,' and does not extend to the personal property. * * * * *

After considering the foregoing sections of the Constitution and statutes, the court further said at l. c. 146:

"* * * So that it only remains for us to determine whether the words, 'the lot with the buildings thereon,' can be construed to include the personal property used in the building and not a part of the realty in law. We are very clear that they do not.

"The evident purposes was to exempt a certain amount of real estate. This is obvious from the immediate context. In the next succeeding clause the exemption of agricultural and horticultural property is extended to both real and personal

property. Neither the language of the exemption, nor the provisions in pari materia will, in our opinion, admit of any other construction than that we have given it. The purpose is clear to limit the exemption to real estate and to a definite amount."

So, the court in that case held that the personal property of an educational institution was not exempt from taxation. The same principle would apply to the exemption of the personal property belonging to the "Vernon County Assistance League."

CONCLUSION.

Therefore, it is the opinion of this Department that the "Vernon County Assistance League", even though it is a nonprofit organization, and organized for purely charitable purposes, yet under the Constitution and statute it is not exempt from paying personal property taxes.

Respectfully submitted,

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APPROVED:

ROY MCKITTRICK
Attorney-General

TWB/rv