

M e m o r a n d u m

To: Mr. Donald J. Hennessy
Senior Tax Counsel

Date: November 20, 1989

From: Stella Levy

Subject: Suggested Changes to Annotation 165.0100 and Suggested Additional Annotation

The subject of this memorandum arises out of my recent communication (attached) to Audit Refunds. In analyzing the application of Annotations 165.0140 and 165.0100 to a particular set of facts, I commented (see footnote, page 2) that the statements in Annotation 165.0100 regarding specific incomes in dollar amounts and their significance should be ignored because the annotation was written twenty years ago and the figures are no longer relevant to a determination of whether persons are in "distressed financial condition." Mr. Les Sorensen requested that I provide you with proposed language for a change in that annotation.

My suggested change would be to delete items 1, 2, and 3 in the annotation and to reduce it to the following statements:

"Residences for senior citizens. When determining whether meals served by residences for senior citizens qualify for the charitable organization exemption reference should be made to the financial status of the residents. Persons whose income are near the poverty level are in distressed financial condition. Providing meals at significantly reduced prices so as to be of real assistance to the purchasers is a form of relief of such persons."

I do not know whether there is any interest in new annotations, but if so, I would propose the following, based on the attached memorandum:

Meals Served at Low Income Housing. On site sales of meals to tenants by an organization formed to provide affordable housing to low and moderate income persons are not taxable where the organization meets the requirements of Regulation 1570. The fact that the welfare organization property tax exemption applies to 80.1% of the units constitutes substantial compliance with the requirement that the organization must qualify for the "welfare exemption" from property taxation.

Let's discuss as I have some questions regarding my own suggestions!

SL:cl

Attachment

Cc: E. Les Sorensen, Jr. w/c of attachment