

<b>Responsible Officer:</b>	Linda Harris, Risk Services Analyst
<b>Responsible Office:</b>	Office of the Controller and Business Services
<b>Issuance Date:</b>	07/18/06
<b>Effective Date:</b>	07/18/06
<b>Last Review Date:</b>	01/01/91
<b>Scope:</b>	Real Property

<b>Contact:</b>	Linda Harris
<b>Title:</b>	Risk Services Analyst
<b>Email:</b>	<a href="mailto:olharris@ucdavis.edu">olharris@ucdavis.edu</a>
<b>Phone:</b>	(530) 752-7481

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## **I. POLICY SUMMARY**

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Lease agreements for real property may be executed with the University of California (UC) as the Lessor or the Lessee.

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## **II. DEFINITIONS**

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## **III. POLICY TEXT**

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### **A. UC as Landlord (“Lessor”)**

All Agriculture and Natural Resources (ANR) leases of real property must be executed by the Controller & Business Services Director. Leasing or subleasing of UC property to other persons, firms, or agencies must involve UC-owned or UC-leased property only. County-owned or county-leased property is not to be involved. Regional, Statewide Program, and County Directors should contact the Risk Services Coordinator (see contact information above) for approval and detailed instructions before making any lease arrangements.

### **B. UC as Tenant (“Lessee”)**

#### **1. Arrangements for Lease**

- a. When there is a requirement for the lease of real property by UC, the Controller & Business Services Director should be consulted before searching for space or negotiating for land. Such requirements may involve the following kinds of property.
- b. Office space for program staff, if no additional space in the present office is available, and provided funds for this purpose are available, and/or if the situation warrants space needs away from an ANR office Vacant lots and lands or other real properties that are required to carry out commitments in ANR programs such as 4-H Youth Development and gardening.

#### **2. Property Tax Exemption**

As provided under Section 3 (d) of Article XIII of the Constitution of the State of California, property used exclusively for state universities is exempt from property taxation. Since 1978 the economic benefit of the property tax savings must be passed on to the tax-exempt lessees under one of the following options:

- a. Lessor to claim the tax exemption by filing the Lessor's Exemption Claim form and to pass on to the Lessee the economic value of the exemption.
- b. Lessor to pay the taxes and the tax-exempt Lessee to have the right to file for a refund of the taxes paid.
  - i. Claiming Tax Exemptions

Before February 15 of each year, copies of Lessor's exemption claim forms should be obtained from each County Assessor's Office in whose county the leased property is located. The Lessee's affidavit on the claim form should be completed in triplicate for each item of leased property. Once the affidavit is executed, the claim form should be sent to the Lessor with instructions to complete the entries on the form, file the original with the appropriate County Assessor's Office before March 15, and return a copy to the University. After all claim forms have been filed, a copy of each should be forwarded to the Controller & Business Services Director.

ii. Responsibility

Each Statewide Program Director, for statewide operations; and each County Director, for county operations; and each Research and Extension Director shall be responsible for timely filing of tax exemption claims and for maintaining appropriate files for property under lease or long-term use agreement.

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#### **IV. COMPLIANCE / RESPONSIBILITIES**

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#### **V. PROCEDURES**

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#### **VI. RELATED INFORMATION**

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- [ANR Office of Risk Services](#)
- [Appendix A, Standard Net Lease Form – The Regents as Landlord](#)
- [Appendix B, Standard Lease Form – The Regents as Tenant](#)
- Appendix C, Standard Amendment of Lease – The Regents as Tenant

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#### **VII. FREQUENTLY ASKED QUESTIONS**

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#### **VIII. REVISION HISTORY**

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**August 2017:**

Format updated.