Issues Presented

You ask whether Young Life, a nonprofit Christian organization, may be considered a "religious association" for the purposes of §§ 58.1-3617 and 58.1-3606(A)(5), pertaining to tax exemptions for property owned by religious associations. You also ask whether the property used and occupied by Young Life qualifies for exemption from local property taxation.

Response

It is my opinion that Young Life is a "religious association," as that term is used in §§ 58.1-3617 and 58.1-3606(A)(5), and that, therefore, its property may be exempt from local real and personal property taxation. It is further my opinion that the tax status of the Young Life property is a factual determination to be made by the local commissioner of the revenue or other appropriate tax official.

Facts

You advise that Young Life was established in 1941 as an incorporated nonprofit Christian organization, and that it qualifies as a nonprofit organization under § 501(c) of the Internal Revenue Code. You further advise that Young Life engages young people in creative activities in order to teach them the gospel of Jesus Christ. Camping is an integral part of Young Life's approach to evangelism. Young Life currently operates fifteen national camp properties and four regional camps. In 2000, these camps served approximately 90,000 campers, 15,000 leaders, 7,000 volunteer
work crew and staff, 2,100 adult guests, and 7,000 wilderness and leadership campers. You also relate that Young Life’s camping program is growing nationwide at an annual rate in excess of ten percent.

Young Life purchased property in Rockbridge County in 1992 to operate a youth camp. Like the national camp properties, the camp in Rockbridge provides an opportunity for youth to hear and experience the Christian gospel. In 2000, the camp in Rockbridge served approximately 4,978 campers, 560 adult volunteer leaders, 365 volunteer work crewmembers, and 169 adult guests. By 2005, Young Life expects the camp to serve more than 7,000 campers. Young Life’s camps are open to all young people on a nondiscriminatory basis.

**Applicable Law and Discussion**

Article X, § 6(a)(6) of the Constitution of Virginia authorizes the General Assembly to provide a tax exemption for "[p]roperty used by its owner for religious, charitable, patriotic, historical, benevolent, cultural, or public park and playground purposes." Section 6(a)(6) authorizes the General Assembly to establish the tax exemptions either by classification or by designation. Property is exempt by classification only if it fits within a class of property that the General Assembly has established as exempt. Property is exempt by designation when the law designates the property of a named organization as exempt. The statutory provision establishing the exemption also may prescribe restrictions and conditions on the exemption. In addition, Article X § 6(f) provides that "[e]xemptions of property from taxation" established or authorized by Article X, § 6 "shall be strictly construed"; however, all property exempt from taxation on July 1, 1971, shall continue to be exempt.

Section 58.1-3617 provides that "[a]ny church, religious association or religious denomination operated exclusively on a nonprofit basis for charitable, religious or educational purposes is hereby classified as a religious and charitable organization." (Emphasis added.) Section 58.1-3609(A) provides for a tax exemption by classification for the property owned by the organizations described in § 58.1-3617, if the property is "used in accordance with the purpose for which the organization is classified."

Section 58.1-3606(A) also provides a "religious association" tax exemption based on classification:
Pursuant to the authority granted in Article X, Section 6 (a) (6) of the Constitution of Virginia to exempt property from taxation by classification, the following classes of real and personal property shall be exempt from taxation:

5. Property belonging to and actually and exclusively occupied and used by the Young Men’s Christian Associations and similar religious associations, including religious mission boards and associations, orphan or other asylums, reformatories, hospitals and nunneries, conducted not for profit but exclusively as charities .... [Emphasis added.]

The Virginia Code does not define "religious association." The Supreme Court has observed that an organization with religious emphasis that provides housing for the elderly could be a "religious association" entitled to tax-exempt classification. A prior opinion of this Office concludes that the Northern Virginia Jewish Community Center is a "religious association" similar to the Young Men’s Christian Association. Young Life, like the Northern Virginia Jewish Community Center, operates on a nondiscriminatory basis. In addition, Young Life’s goal is similar to that of the Young Men’s Christian Association. This Office also has determined that a nonprofit organization providing financial support for foreign missionaries is a "religious association." Based on the foregoing, it is my opinion that Young Life is a "religious association" as described in § 58.1-3606(A)(5). The term "religious association" is broader in § 58.1-3617 than in § 58.1-3606(A)(5), and, therefore, Young Life is a "religious association" within that provision as well.

Although Young Life is a "religious association," as that term is used in §§ 58.1-3617 and 58.1-3606(A)(5), that determination alone does not entitle Young Life to a property tax exemption. Whether the property owned by Young Life qualifies for an exemption under § 58.1-3617 or § 58.1-3606(A)(5) is a factual determination to be made by the commissioner of the revenue or other appropriate local tax official.

Pursuant to § 58.1-3617, property is exempt if it is used by the qualifying entity "exclusively ... for charitable, religious or educational purposes." In addition, property classified as a tax-exempt "religious association" pursuant to § 58.1-3617 must also
be "used in accordance with the purpose for which the organization is classified." To qualify for the exemption provided by § 58.1-3606(A)(5), Young Life has the burden of showing that the property belongs to it and is "[a]ctually and exclusively occupied and used by" [Young Life]. Additionally, the property must meet the "dominant purpose test" of "whether the property in question promotes the purpose of the institution seeking the tax exemption." The property is entitled to a tax exemption "if the property has 'direct reference to the purposes for which [Young Life was created] and tends immediately and directly to promote those purposes.'"

In determining whether the property owned by Young Life is tax exempt, Article X, § 6(f) requires the commissioner of the revenue, or other taxing official, to strictly construe any exemption. The commissioner of the revenue, or other local tax official, must determine from the facts whether an exemption applies to the property in question. Specifically, if the camp in Rockbridge County is operated exclusively on a nonprofit basis for charitable, religious or educational purposes, and the camp property is used in accordance with the purpose for which Young Life is organized, as required by §§ 58.1-3617 and 58.1-3609, the property is exempt from taxation. Also, if the property is actually and exclusively occupied and used by Young Life and operated exclusively as a charity, as required in § 58.1-3606(A)(5), it is tax exempt. Again, the determination whether Young Life uses the property for "charitable, religious or educational purposes" under § 58.1-3617, or whether it uses the property "in accordance with the purpose for which the organization is classified" pursuant to § 58.1-3606(A)(5), rests within the judgment of the commissioner of the revenue, after careful consideration of all the attendant facts.

**Conclusion**

Accordingly, it is my opinion that Young Life is a "religious association," as that term is used in §§ 58.1-3617 and 58.1-3606(A)(5), and that, therefore, its property may be exempt from local real and personal property taxation. It is further my opinion that the tax status of the Young Life property is a factual determination to be made by the local commissioner of the revenue or other appropriate tax official.

---


6 Va. Const. art. X § 6(a)(6); see, e.g., §§ 58.1-3609(A), 58.1-3650(A) (restricting tax exemptions to real and personal property of organizations that, in first statute, are classified in §§ 58.1-3610 to 58.1-3621 or, in second statute, are specifically designated in §§ 58.1-3650.1 to 58.1-3650.904 (not set out in Code)).


8 See Westminster-Canterbury v. City of Virginia Beach, 238 Va. 493, 502, 385 S.E.2d 561, 566 (1989) (finding that Westminster–Canterbury is not entitled to exemption under classification statutes, because it is not conducted exclusively for charity).


10 Id. at 304.

11 The mission of the Young Men’s Christian Association is “[t]o put Christian principles into practice through programs that build healthy spirit, mind and body for all.” See YMCA Mission, at http://www.ymca.net/index.jsp.


14 Id.


16 See also op. no. 99-117, supra note 12.

17 Section 58.1-3609(A).

19 Id. at 334, 527 S.E.2d 404.

20 Id. at 334-35, 527 S.E.2d at 404 (quoting Com’th v. Lynchburg Y. M. C. A., 115 Va. 745, 752, 80 S.E. 589, 591 (1914)).

21 Id. at 335, 527 S.E.2d at 404. The strict construction rule applies to post-1971 exemptions; the rule of liberal construction exists only where the property in question was actually owned on July 1, 1971. Johnson, supra note 13, at 319.