
HOUSE BILL 1492

State of Washington 52nd Legislature 1991 Regular Session

By Representatives R. Johnson and Spanel.

Read first time January 31, 1991. Referred to Committee on Revenue.

1 AN ACT Relating to granting a tax exemption for qualifying medical
2 clinics; amending RCW 84.36.800 and 84.36.810; reenacting and amending
3 RCW 84.36.805; and adding a new section to chapter 84.36 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
6 to read as follows:

7 (1) Real or personal property owned by a nonprofit organization,
8 association, or corporation in connection with the operation of a
9 medical clinic providing medical services, the building or buildings of
10 which may not exceed three thousand square feet in floor area, is
11 exempt from taxation. "Hospitals," as defined by RCW 84.36.800, shall
12 not be eligible for the exemption under this section. The area exempt
13 under this section includes the building or buildings, the land under

1 the buildings, and an additional area necessary for parking, not
2 exceeding a total of one acre.

3 (2) The exemption is not nullified by the collection of rent or
4 donations, or the lease or rental and operation of the medical clinic
5 by a private person or organization if the lease or rental amount is
6 reasonable and does not exceed maintenance and operation expenses
7 created by the user.

8 (3) To qualify for this exemption, the property (a) must be used
9 exclusively for medical clinic, emergency medical, and related
10 purposes; and (b) must be located in an isolated area. The department
11 of revenue shall by rule provide a definition of isolated area. The
12 department shall include those geographic locations that are "ferry
13 bound" and do not have a fixed physical connection with the mainland in
14 the definition of "isolated area."

15 **Sec. 2.** RCW 84.36.800 and 1989 c 379 s 3 are each amended to read
16 as follows:

17 As used in RCW 84.36.020, 84.36.030, 84.36.037, 84.36.040,
18 84.36.041, 84.36.050, 84.36.060, section 1 of this act, and 84.36.800
19 through 84.36.865:

20 (1) "Church purposes" means the use of real and personal property
21 owned by a nonprofit religious organization for religious worship or
22 related administrative, educational, eleemosynary, and social
23 activities. This definition is to be broadly construed;

24 (2) "Convent" means a house or set of buildings occupied by a
25 community of clergymen or nuns devoted to religious life under a
26 superior;

27 (3) "Hospital" means any portion of a hospital building, or other
28 buildings in connection therewith, used as a residence for persons

1 engaged or employed in the operation of a hospital, or operated as a
2 portion of the hospital unit;

3 (4) "Nonprofit" means an organization, association or corporation
4 no part of the income of which is paid directly or indirectly to its
5 members, stockholders, officers, directors or trustees except in the
6 form of services rendered by the organization, association, or
7 corporation in accordance with its purposes and bylaws and the salary
8 or compensation paid to officers of such organization, association or
9 corporation is for actual services rendered and compares to the salary
10 or compensation of like positions within the public services of the
11 state;

12 (5) "Parsonage" means a residence occupied by a clergyman who is
13 designated for a particular congregation and who holds regular services
14 therefor.

15 **Sec. 3.** RCW 84.36.805 and 1990 c 283 s 7 and 1990 c 283 s 3 are
16 each reenacted and amended to read as follows:

17 In order to be exempt pursuant to RCW 84.36.030, 84.36.035,
18 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045, 84.36.047,
19 84.36.050, 84.36.060, section 1 of this act, 84.36.350, and 84.36.480,
20 the nonprofit organizations, associations or corporations shall satisfy
21 the following conditions:

22 (1) The property is used exclusively for the actual operation of
23 the activity for which exemption is granted, unless otherwise provided,
24 and does not exceed an amount reasonably necessary for that purpose,
25 except:

26 (a) The loan or rental of the property does not subject the
27 property to tax if:

28 (i) The rents and donations received for the use of the portion of
29 the property are reasonable and do not exceed the maintenance and

1 operation expenses attributable to the portion of the property loaned
2 or rented; and

3 (ii) Except for the exemptions under RCW 84.36.030(4) ~~((and)),~~
4 84.36.037, and section 1 of this act, the property would be exempt from
5 tax if owned by the organization to which it is loaned or rented;

6 (b) The use of the property for fund-raising activities does not
7 subject the property to tax if the fund-raising activities are
8 consistent with the purposes for which the exemption is granted;

9 (2) The property is irrevocably dedicated to the purpose for which
10 exemption has been granted, and on the liquidation, dissolution, or
11 abandonment by said organization, association, or corporation, said
12 property will not inure directly or indirectly to the benefit of any
13 shareholder or individual, except a nonprofit organization,
14 association, or corporation which too would be entitled to property tax
15 exemption: PROVIDED, That the property need not be irrevocably
16 dedicated if it is leased or rented to those qualified for exemption
17 pursuant to RCW 84.36.040, 84.36.041, or 84.36.043 or those qualified
18 for exemption as an association engaged in the production or
19 performance of musical, dance, artistic, dramatic, or literary works
20 pursuant to RCW 84.36.060, but only if under the terms of the lease or
21 rental agreement the nonprofit organization, association, or
22 corporation receives the benefit of the exemption;

23 (3) The facilities and services are available to all regardless of
24 race, color, national origin or ancestry;

25 (4) The organization, association, or corporation is duly licensed
26 or certified where such licensing or certification is required by law
27 or regulation;

28 (5) Property sold to organizations, associations, or corporations
29 with an option to be repurchased by the seller shall not qualify for
30 exempt status;

1 (6) The director of the department of revenue shall have access to
2 its books in order to determine whether such organization, association,
3 or corporation is exempt from taxes within the intent of RCW 84.36.030,
4 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
5 84.36.047, 84.36.050, 84.36.060, section 1 of this act, 84.36.350, and
6 84.36.480.

7 **Sec. 4.** RCW 84.36.810 and 1990 c 283 s 4 are each amended to read
8 as follows:

9 (1) Upon cessation of a use under which an exemption has been
10 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,
11 84.36.043, 84.36.050, (~~and~~) 84.36.060, and section 1 of this act, the
12 county treasurer shall collect all taxes which would have been paid had
13 the property not been exempt during the three years preceding, or the
14 life of such exemption, if such be less, together with the interest at
15 the same rate and computed in the same way as that upon delinquent
16 property taxes: PROVIDED, That where the property has been granted an
17 exemption for more than ten years, taxes and interest shall not be
18 assessed under this section.

19 (2) Subsection (1) of this section applies only when ownership of
20 the property is transferred or when fifty-one percent or more of the
21 area of the property has lost its exempt status. The additional tax
22 under subsection (1) of this section shall not be imposed if the
23 cessation of use resulted solely from:

24 (a) Transfer to a nonprofit organization, association, or
25 corporation for a use which also qualifies and is granted exemption
26 under the provisions of chapter 84.36 RCW;

27 (b) A taking through the exercise of the power of eminent domain,
28 or sale or transfer to an entity having the power of eminent domain in
29 anticipation of the exercise of such power;

1 (c) Official action by an agency of the state of Washington or by
2 the county or city within which the property is located which disallows
3 the present use of such property;

4 (d) A natural disaster such as a flood, windstorm, earthquake, or
5 other such calamity rather than by virtue of the act of the
6 organization, association, or corporation changing the use of such
7 property;

8 (e) Relocation of the activity and use of another location or site
9 except for undeveloped properties of camp facilities exempted under RCW
10 84.36.030;

11 (f) Cancellation of a lease on property that had been exempt under
12 RCW 84.36.040, 84.36.041, 84.36.043, or 84.36.060;

13 (g) A change in the exempt portion of a home for the aging under
14 RCW 84.36.041(2), as long as some portion of the home remains exempt;

15 (h) The conversion of a full exemption of a home for the aging to
16 a partial exemption or taxable status under RCW 84.36.041(7).