

HOUSE BILL REPORT

HB 2346

*As Reported By House Committee on:
Revenue*

Title: An act relating to use of real or personal property owned by nonprofit organizations, associations, and corporations.

Brief Description: Allowing use of real or personal property owned by nonprofit organizations for pecuniary gain or to promote business activities for periods of three days in any month.

Sponsor(s): Representatives Haugen, Ballard, Wang, Chandler, Peery, Rayburn, Rasmussen, Riley, Forner, Basich, Spanel, Morris, Grant, Lisk, Kremen, Fuhrman, Paris and Zellinsky.

Brief History:

Reported by House Committee on:
Revenue, February 8, 1992, DPS.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 14 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

Staff: Rick Peterson (786-7150).

Background: Nonprofit public assembly halls or meeting places are exempt from property taxes. The exemption is restricted to the buildings, the land under the buildings, and up to one acre of parking area. For property essentially unimproved the exemption is limited to 29 acres.

To qualify for exemption, the property must be used for public gatherings and be available to all organizations or persons desiring to use the property. The property may not be used for pecuniary gain or to promote business activities.

There are 193 properties exempt from tax under this provision.

Summary of Substitute Bill: The prohibition against using nonprofit public assembly halls and meeting places for pecuniary gain or to promote business activities is relaxed. Using the property for casual and isolated sales activities that are exempt from sales tax is allowed. Inadvertent use of the property for pecuniary gain or to promote business activities does not cause loss of the property tax exemption unless this use is part of a pattern of use that is inconsistent with the purpose of the exemption.

Substitute Bill Compared to Original Bill: The original bill allowed the exempt property to be used for pecuniary gain or to promote business activities for up to three days a month and retain their property tax exemption. The substitute bill only allows the meeting hall to be used for sales activity that is exempt from sales tax because it is causal and isolated.

Fiscal Note: Available.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The current exemption is so tightly drawn that an inadvertent error may cost the organization their exemption. Recently, at least two nonprofit assembly halls have lost their property tax exemption when they unknowingly rented the hall to someone who used the hall for pecuniary gain.

Testimony Against: None.

Witnesses: Representative Mary Margaret Haugen, Prime Sponsor; Ross Kane, Snohomish County Council and Green Wood Grange; Will Rice, Department of Revenue; and Sharon Foster and Carter Carlson, Young Men's Christian Associations of Washington (all in favor).