

2 **ESHB 1949** - S COMM AMD
3 By Committee on Law & Justice

4

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that exemption from
8 property tax is granted to certain types of organizations because their
9 organizational purposes are basically altruistic, religious, or
10 educational. Further, the Washington State Constitution Article I,
11 section 11, mandates absolute freedom of conscience for religious
12 organizations and prohibits attempts by the state to restrict that
13 freedom. The legislature recognizes that nonprofit organizations
14 provide community services and community benefit. It is in recognition
15 of this contribution to a stable, quality community that exemption from
16 property tax is granted. The legislature further finds that, because
17 of the nature of the state's tax system, many essential services, such
18 as education, and police and fire protection, are paid by the citizens
19 through their property tax bills. They, in turn, pay the cost of
20 public services provided to the tax exempt organizations.

21 The legislature further finds that in exchange for the exemption
22 from property taxes certain prohibitions on activities of tax exempt
23 organizations are fair and appropriate. Nonprofit exempt
24 organizations, associations, or corporations in order to continue to
25 provide service to the general public, should remain neutral with
26 respect to activities that affect political campaigns on behalf of, in
27 support of, or in opposition to, a political candidate or group of
28 political candidates.

29 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
30 to read as follows:

31 (1) Except as specified in subsection (4) of this section, a
32 nonprofit organization, association, or corporation exempt from
33 property tax under any of the provisions of this chapter shall not use
34 its financial or physical resources to engage in prohibited political
35 activities. If any such nonprofit organization, association, or

1 corporation engages in prohibited political activity, the real and
2 personal property of the nonprofit organization, association, or
3 corporation is subject to taxation. For purposes of this section, the
4 following definitions apply:

5 (a) "Prohibited political activities" means direct intervention in
6 a political campaign on behalf of, in support of, or in opposition to,
7 a ballot proposition, a political candidate, or group of political
8 candidates and includes but is not limited to:

9 (i) Displaying or distributing posters, pamphlets, or signs on
10 behalf of, in support of, or in opposition to a ballot proposition, a
11 political candidate, or a group of political candidates;

12 (ii) Soliciting funds or other resources to be used on behalf of,
13 in support of, or in opposition to a ballot proposition, a political
14 candidate, or a group of political candidates;

15 (iii) Contributing funds or other resources to be used on behalf
16 of, in support of, or in opposition to a ballot proposition, a
17 political candidate, or a group of political candidates;

18 (iv) Printing or distributing written or printed materials on
19 behalf of, in support of, or in opposition to a ballot proposition, a
20 political candidate, or a group of political candidates;

21 (v) Using bulletins, newsletters, or other written or printed
22 materials of an exempt organization, association, or corporation to
23 promote, or to support, promote, or oppose a ballot proposition, a
24 political candidate, or a group of political candidates;

25 (vi) Using a vehicle of an exempt organization, association, or
26 corporation to transport members or others to an event or rally on
27 behalf of, in support of, or in opposition to a ballot proposition, a
28 political candidate, or a group of political candidates;

29 (vii) Disbursing funds in the form of dues or membership fees to an
30 entity that uses any portion of the dues or membership fees on behalf
31 of, in support of, or in opposition to a ballot proposition, a
32 political candidate, or a group of political candidates;

33 (viii) Using tax exempt property as an assembly site or gathering
34 area for an event or rally, on behalf of, in support of, or in
35 opposition to a ballot proposition, a political candidate, or a group
36 of political candidates; and

37 (ix) Using equipment or supplies of an exempt organization,
38 association, or corporation to produce, reproduce, or distribute
39 written or printed materials on behalf of, in support of, or in

1 opposition to a ballot proposition, a political candidate, or a group
2 of political candidates.

3 (b) "Political candidate" means an individual who offers himself or
4 herself, or is proposed by others, as a contestant for an elective
5 office, whether such office is national, state, or local.

6 (2) An exempt organization, association, or corporation's property
7 tax exemption will not be revoked as the result of an inadvertent
8 violation of the provisions of this section, if the inadvertent
9 violation is not part of a pattern of violation. An inadvertent
10 violation repeated in the same or successive assessment years is
11 presumed to be a pattern of violation.

12 (3) If an exempt organization, association, or corporation engages
13 in prohibited political activity, the following sanctions shall apply:

14 (a) Upon any violation of this section, the department of revenue
15 shall issue a notice in writing to the exempt organization,
16 association, or corporation indicating the nature of the alleged
17 violation. The organization shall have thirty days to respond. If,
18 after considering relevant information, the department of revenue finds
19 that the exempt organization, association, or corporation has engaged
20 in prohibited activity, the department shall issue a notice in writing.
21 The notice shall indicate the nature of the violation and a warning
22 that further or additional violation of this section shall result in
23 revocation of exemption. The exempt organization, association, or
24 corporation may appeal the department's finding in accordance with the
25 provisions of RCW 34.05.410 through 34.05.494.

26 (b) A further or additional violation of this section after the
27 warning has been issued shall result in revocation of exemption.

28 (c) An appeal from the revocation decision of the department shall
29 be made to the department within thirty days of mailing of the
30 decision. The department shall provide by rule for hearing of the
31 appeal in accordance with the provisions of RCW 34.05.410 through
32 34.05.494. A further appeal from an adverse decision of the department
33 may be made de novo in accordance with RCW 84.36.850.

34 (d) The nonprofit organization, association, or corporation shall
35 not be allowed to reapply for property tax exemption during the
36 remainder of the year in which the revocation decision under this
37 section was issued, and for one additional assessment year.

38 (4) Organizations exempt from taxation under RCW 84.36.050 are
39 exempt from subsection (1) of this section.

1 (5) Nothing in this section may be construed to prohibit political
2 activity or limit freedom of speech of individual members of a
3 nonprofit organization, association, or corporation exempt under this
4 chapter.

5 (6) Nothing in this section may be construed as a prohibition on an
6 exempt organization's ability to hold candidate forums where all
7 candidates are given equal opportunity to express their views and
8 distribute materials.

9 (7) The property tax exemption of a nonprofit organization,
10 association, or corporation shall not be jeopardized under this section
11 if the exempt property is rented to another organization for an event
12 or rally on behalf of, in support of, or in opposition to, a political
13 candidate or group of political candidates if the rent received for the
14 use of the property represents the normal and standard rate for the
15 maintenance and operation expenses associated with such use of the
16 property and does not exceed the maintenance and operation expenses
17 attributable to the portion of the property rented, and the rental of
18 the property otherwise complies with the provisions of RCW 84.36.805.

19 NEW SECTION. **Sec. 3.** No provision of this act may be applied,
20 construed, or interpreted, in any way, to be more restrictive than the
21 application, construction, or interpretation of the provisions of 26
22 U.S.C. Sec. 501(c)(3) of the internal revenue code as they apply to
23 political activities by tax-exempt, nonprofit organizations and the
24 loss of tax-exempt status by such organizations."

25 **ESHB 1949** - S COMM AMD
26 By Committee on Law & Justice

27

28 On page 1, line 2 of the title, after "taxes;" strike the remainder
29 of the title and insert "adding a new section to chapter 84.36 RCW; and
30 creating new sections."

--- END ---