

HOUSE BILL REPORT

HB 2189

As Passed House
February 10, 1994

Title: An act relating to tax exemption of public-owned property used by nonprofit organizations.

Brief Description: Providing a tax exemption for property used by nonprofit organizations for camping and recreational purposes.

Sponsors: Representatives Kremen, J. Kohl and Linville.

Brief History:

Reported by House Committee on:
Revenue, February 5, 1994, DP;
Passed House, February 10, 1994, 91-0.

HOUSE COMMITTEE ON REVENUE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives G. Fisher, Chair; Holm; Foreman, Ranking Minority Member; Anderson; Caver; Leonard; Romero; Rust; Silver; Talcott; Thibaudeau and Wang.

Staff: Rick Peterson (786-7150).

Background: The leasehold excise tax is imposed on property used for private purposes that is also exempt from property taxation because the property is publicly owned. The tax is collected by public entities that lease property to private parties. The tax rate of 12.84 percent is imposed on the amount paid in rent for the public property.

Property owned by nonprofit, nonsectarian organizations used for character-building, benevolent, protective or rehabilitative social services directed at persons of all ages is exempt from property tax. When these nonprofit organizations lease public property they are exempt from the leasehold excise tax as long as the property is used for character-building, benevolent, protective or rehabilitative social services. If the property is used for a different purpose, the leasehold excise tax applies.

Summary of Bill: A leasehold excise tax exemption is provided to nonprofit, nonsectarian organizations providing

character-building, benevolent, protective or rehabilitative social services directed at persons of all ages. The exemption applies for property used to provide organized and supervised recreational activities for disabled persons in a camp facility as well as for public recreational purposes.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately. The bill is effective for taxes levied for collection in 1994 and thereafter.

Testimony For: The exemption will apply to Camp Horizon in Whatcom County. This camp is on property owned by the county but the county cannot afford to operate it. The camp is operated by a nonprofit foundation supported by many Lions Clubs. The camp is used for part of the year to provide recreational activities for disabled children. The rest of the year it is available to the public. The exemption is narrowly crafted because concerns have been raised over creating an exemption for public recreation purposes where there is no current exemption for these purposes.

Testimony Against: None.

Witnesses: Will Rice, Department of Revenue (no position); and Rick Kayser, Lions Camp and Horizon Foundation (pro).