

# HOUSE BILL REPORT

## HB 1336

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As Reported By House Committee On:  
Revenue

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

**Brief Description:** Allowing property owned by nonprofit organizations to be used for certain activities without loss of property tax exemption.

**Sponsors:** Representatives Karahalios, Sehlin, Orr, Zellinsky, Dellwo, Hansen, Sheldon, Rayburn, Grant, Bray, Riley, Mastin, Linville, Basich, Campbell, Lemmon, Kremen, Flemming and Ogden.

**Brief History:**

Reported by House Committee on:  
Revenue, March 8, 1993, DPS.

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### HOUSE COMMITTEE ON REVENUE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

**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.

Nonprofit organizations of war veterans are also exempt from property taxes.

Under these exemptions the property may not be used for pecuniary gain or to promote business activities.

There are 191 public assembly halls and 185 veteran halls exempt from tax under these provisions.

**Summary of Substitute Bill:** The prohibition against using nonprofit public assembly halls or war veteran halls for pecuniary gain or to promote business activities is relaxed. Facilities may be used up to three days a year for pecuniary gain without loss of exemption. 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 use by an individual for pecuniary gain if the amount of pecuniary gain is less than \$1,000 per month. The substitute bill restricts use of the property for pecuniary gain to three days a year.

**Fiscal Note:** Available.

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

**Testimony For:** Support change to three days a year. In many areas these meeting halls are the only place for public gatherings. The income from the rental of the halls provides money for upkeep.

**Testimony Against:** None.

**Witnesses:** Representative Karahalios, prime sponsor; Ryan Spiller, Department of Revenue; Ben Gassaway, Washington Association of County Officials; and Stu Halston, American Federation of Clubs (all in favor).