

SENATE BILL REPORT

SSB 5134

AS PASSED SENATE, MARCH 12, 1993

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

SPONSORS: Senate Committee on Ways & Means (originally sponsored by Senators Haugen, Barr, Snyder, Oke, Winsley, Roach and Erwin)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5134 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Anderson, Bauer, Bluechel, Cantu, Gaspard, Hargrove, Hochstatter, McDonald, Moyer, Niemi, Quigley, Roach, L. Smith, Snyder, Sutherland, Talmadge, West, Williams, and Wojahn.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 10, 1993; March 8, 1993

BACKGROUND:

Nonprofit public assembly halls or meeting places and the property of veterans' organizations are exempt from property taxes.

The assembly hall or meeting place exemption is restricted to the buildings, the land under the buildings, and up to one acre of parking area. For essentially unimproved property, 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.

Neither exemption allows the property to be used for pecuniary gain or to promote business activities except for fund-raising activities of a nonprofit organization.

SUMMARY:

The property tax exemption for nonprofit public assembly halls and meeting places and property of veterans organizations is not lost by:

1. The use for pecuniary gain for periods of not more than three days in a year.
2. An inadvertent use of the property which is inconsistent with the purpose of the exemption if the use is not part of a pattern of use. An inadvertent use that is repeated

in the same assessment year or in successive assessment years is presumed to be part of a pattern of use.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Community halls are gathering places in rural areas but it is hard to maintain the halls without the ability to generate a little money. Also, the inadvertent use of the hall in a manner inconsistent with the exemption should not disqualify it from exemption if it is done without knowledge of the rules.

TESTIMONY AGAINST: None

TESTIFIED: Senator Mary Margaret Haugen, sponsor (pro); Ryan Spiller, Department of Revenue (pro)