

SENATE BILL REPORT

SB 5134

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 8, 1993

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

**SPONSORS:** 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. A use for pecuniary gain by an individual if the gross amount received by the individual is less than \$1,000 per month.
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 more than one assessment year is presumed to be part of a pattern of use.

**EFFECT OF PROPOSED SUBSTITUTE:**

The use for pecuniary gain is limited to periods of not more than three days per year and the monetary limit is eliminated.

**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)