

SENATE BILL REPORT

SB 5587

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 5, 1993

Brief Description: Providing a tax exemption for property leased or rented by nonprofit character-building, benevolent, protective, or rehabilitative social service agencies.

SPONSORS: Senators Franklin, Wojahn, McAuliffe, Winsley, Prentice, Barr, Roach and Hochstatter

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5587 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Bauer, Bluechel, Gaspard, Hargrove, Jesernig, McDonald, Moyer, Owen, Quigley, Roach, L. Smith, Snyder, Sutherland, Talmadge, and West.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 10, 1993; March 5, 1993

BACKGROUND:

Real and personal property owned by nonprofit organizations that is used for character-building, benevolent, protective, or rehabilitative social services is exempt from property taxation. The sale of donated merchandise is allowed if the proceeds are devoted to the purposes of the organization.

Approximately nine thrift stores and a variety of community service organizations are exempt from property taxation under this provision.

SUMMARY:

The tax exemption for property of nonprofit organizations that is used for character-building, benevolent, protective, or rehabilitative social services is extended to property that is used by the organization.

EFFECT OF PROPOSED SUBSTITUTE:

The benefit of the exemption must inure to the nonprofit organization.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill applies to taxes first payable in 1995.

TESTIMONY FOR:

The contributions in terms of the rehabilitation of persons outweigh the small tax loss.

TESTIMONY AGAINST: None

TESTIFIED: Senator Franklin, prime sponsor (pro)