

HOUSE BILL REPORT

SB 5229

As Reported By House Committee On:

Finance

Title: An act relating to the property taxation of assembly halls or meeting places.

Brief Description: Extending permitted uses of assembly halls and meeting places to maintain property tax exemptions.

Sponsors: Senators Prince, Loveland, Morton, Oke, Stevens, Fraser, Swecker, Rasmussen, Hochstatter, Johnson, Bauer, Horn, Snyder, Winsley, Roach, McDonald and Haugen.

Brief History:

Committee Activity:

Finance: 3/20/97, 4/7/97 [DPA].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass as amended. Signed by 13 members: Representatives Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Conway; Kastama; Mason; Morris; Pennington; Schoesler; Thompson and Van Luven.

Minority Report: Do not pass. Signed by 2 members: Representatives B. Thomas, Chairman; and Carrell, Vice Chairman.

Staff: Linda Brooks (786-7153).

Background: All real and personal property in this state is subject to property tax each year, based on its value, unless a specific exemption is provided by law.

A property tax exemption exists for assembly halls or public meeting places owned by a nonprofit. This exemption is restricted to the buildings, the land under the buildings, and up to one acre of parking area. To qualify for an assembly hall exemption, the property must be used for public gatherings and be available to all organizations or persons desiring to use the property.

Per legislation enacted in 1993, an assembly hall or meeting place may be used for three days each year for pecuniary gain without losing its property tax exempt status.

Likewise, if an assembly hall or meeting place is inadvertently used for an activity inconsistent with the property's tax exempt status, the property does not automatically lose its exempt status. Only inadvertent use that is repeated in the same assessment year or in successive assessment years represents a pattern of use that disqualifies the property for the tax exemption.

The three-day limit on activities for pecuniary gain does not apply to a nonprofit organization's own fund-raising activities.

Summary of Amended Bill: A nonprofit assembly hall or meeting place may be used for up to seven days per year for pecuniary gain or to promote business activities without affecting the tax-exempt status of the property.

A nonprofit assembly hall, located in a rural county with a population of less than 10,000 residents, may be used for the following business activities without affecting its tax-exempt status: dance, art, or music classes. There is no limitation on the number of days per year that an assembly hall may be used for such classes.

Amended Bill Compared to Original Bill: The permitted uses of a nonprofit assembly hall for business activities is broadened to allow assembly halls located in rural counties with fewer than 10,000 residents to be used for art, dance, and music classes.

Appropriation: None.

Fiscal Note: Available. A fiscal note on the bill as amended by the House Finance Committee requested on April 7, 1997.

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

Testimony For: A grange has been denied a property tax exemption for its assembly hall property, because it hosts a community fair on the property which lasts seven days. Private vendors sell goods at the fair. Under current law, vendors may only sell goods for three days per year on a tax-exempt, assembly hall property. This bill will permit the grange to continue to host the seven-day fair and to obtain a tax exemption for its property.

Testimony Against: None.

Testified: Heather Hansen Rainey, Washington State Grange.