

HB 2348

Bill Analysis

January 20, 1998

Brief Description: Providing property tax exemptions for associations formed by fire protection district fire commissioners.

Bill Sponsors: Representatives Honeyford, Appelwick, Fisher, Chandler, Linville, Anderson and Schoesler.

Staff: Rick Peterson, 786-7150

Background: All property in this state is subject to the property tax each year based on the property's value unless a specific exemption is provided by law. Tax is paid to each taxing district in which the property is located. Generally, property within a city will pay tax to the state, county, and city. Property in an unincorporated area will pay tax to the state, county, fire district, library district, and other local taxing districts.

Public property is exempt from property tax. Property of certain nonprofit organizations is exempt from property taxation. These nonprofit organizations and their property include: character building, benevolent, protective or rehabilitative social service organizations; churches and church camps; youth character building organizations; war veterans organizations; national and international relief organizations; federal guaranteed student loan organizations; blood, bone and tissue banks; public assembly halls; medical research or training facilities; art, scientific, or historical collections and facilities; conservation futures; sheltered workshops; fair associations; humane societies; water distribution property; schools and colleges; radio/television rebroadcast facilities; fire company property; day-care centers; free public libraries; orphanages; nursing homes; hospitals; outpatient dialysis facilities; homes for the aging; homeless shelters; and performing arts property.

In order to maintain the tax property tax exemption a nonprofit organization must use the property for the purpose the exemption was given. If the property is loaned or rented, the rent payment cannot exceed the maintenance and operation expenses for the rented property and the tenant must be eligible for a property tax exemption. The property must be irrevocably dedicated to the exempt purpose and upon dissolution the property must go to an organization eligible for property tax exemption.

Generally, property removed from exempt status must pay the property tax for the three

preceding years plus interest. These back taxes are not due if the property has been exempt for more than ten years.

State statutes authorize fire protection district commissioners to form an association. The expenses of the association may be paid from funds paid by fire protection districts.

Summary of Bill: Property owned by the Washington Fire Commissioners Association is exempt from property tax. The property may retain the exemption when rented if the payments are reasonable and the tenant is eligible for a property tax exemption.

The property must be irrevocably dedicated to the exempt purpose and upon dissolution the property must go to an organization eligible for property tax exemption.

Property removed from exempt status must pay the property tax for the three preceding years plus interest. These back taxes are not due if the property has been exempt for more than ten years.

Appropriation: None

Fiscal Note: Available

Effective Date: Effective for property taxes levied for collection in 1999 and thereafter.