

SB 6113

Bill Analysis

February 24, 1998

Brief Description: Exempting from taxation property of nonprofit organizations providing medical research or training of medical personnel.

Bill Sponsors: Senators Wood, West, Thibaudeau, Kohl, Long and Rasmussen.

Staff: Linda Brooks, 786-7153.

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.

Several property tax exemptions exist for nonprofit organizations. Some exemptions apply only to property owned by a nonprofit organization, and other exemptions apply to property either owned or leased by a nonprofit. Usually when a nonprofit organization receives a tax exemption for leased property, the benefit of the property tax reduction, in the form of reduced lease rents, must inure to the nonprofit organization. Examples of some nonprofit property tax exemptions are:

PROPERTY TAX EXEMPTIONS FOR NONPROFIT ORGANIZATIONS

Exempt on Owned Property Only

- Character Building, Benevolent, Protective or Rehabilitative Social Service Organizations
- Churches and Church Camps
- Youth Character Building Organizations
- War Veterans' Organizations
- Water Distribution Property
- Nonprofit Nature Conservancy Organization
- Public Assembly Halls
- Medical Research or Training facilities
- Art, Scientific, or Historical Collections
- Sheltered Workshops
- Fair Associations
- Humane Societies

Exempt on Owned or Leased Property

- Free Public Libraries
- Orphanages
- Nursing Homes
- Hospitals
- Homes for the Aging
- Schools and Colleges
- Day Care Centers
- Radio/TV Rebroadcast Facilities
- Performing Arts Properties
- Homeless Shelters
- Outpatient Dialysis Facilities
- Blood Banks

Real or personal property either owned or used under a lease-to-purchase contract by a nonprofit corporation or association is exempt from property tax, if the property is:

- 1) Available without charge to medical or hospital personnel for training or research purposes; or
- 2) Used for medical research which is made available to the public without cost.

Summary of Bill: The requirement that the property be either owned or used under a lease-to-purchase contract is eliminated. Any property used by a nonprofit corporation or association is exempt from property tax, if the property is:

- 1) Available without charge to medical or hospital personnel for training or research purposes; or
- 2) Used for medical research which is made available to the public without cost.

If the property used is a leased property, there is no requirement that the benefit of the property tax exemption inure to the nonprofit corporation or association.

Appropriation: None.

Fiscal Note: Available.

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