SSB 6737
Bill Analysis

February 26, 1998

Brief Description: Regulating property taxation of residential housing occupied by low-income developmentally disabled persons.

Bill Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Deccio, Wojahn, Wood, Patterson, West, Fraser, Thibaudeau, Morton, Schow, Winsley, Oke, Prentice, B. Sheldon 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. Examples of some nonprofit property tax exemptions are:

Property Tax Exemptions for Nonprofit Organizations

Exempt on Owned Property Only	Exempt on Owned or Leased Property
· Character Building, Benevolent, Protective or Rehabilitative Social Service Organizations	· Free Public Libraries
· Churches and Church Camps	· Orphanages
· Youth Character Building Organizations	· Nursing Homes
· War Veterans' Organizations	· Hospitals
· Water Distribution Property	· Homes for the Aging
· Nonprofit Nature Conservancy Organization	· Schools and Colleges
· Public Assembly Halls	· Day Care Centers
· Medical Research or Training facilities	· Radio/TV Rebroadcast Facilities
· Art, Scientific, or Historical Collections	· Performing Arts Properties
· Sheltered Workshops	· Homeless Shelters
· Fair Associations	· Outpatient Dialysis Facilities

House of Representatives
Office of Program Research
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P.O. Box 40600
Olympia WA 98504-0600
Phone 360-786-7100

- Humane Societies
- Blood Banks

Summary of Bill: All real or personal property owned and used by a nonprofit organization to provide housing for eligible persons with developmental disabilities is exempt from property taxation, if the nonprofit organizations meets certain criteria.

The housing exempted from property taxation must be occupied by developmentally disabled persons whose adjusted gross incomes are 80 percent or less of the median income for the county where they live, adjusted for family size. An "80 percent or less of median income" benchmark means that 60 percent of all families in a county have higher incomes and that 40 percent of all families have the same or lower incomes.

For property that is leased, the benefit of the exemption must insure to the nonprofit organization.

In order to qualify for the property tax exemption, the nonprofit organization must be exempt from federal income taxes under section 501 (c) (3) of the federal Internal Revenue Code. The nonprofit organization must also meet certain other standards regarding compensation paid to officers, liquidation of assets, and other matters.

Appropriation: None.

Fiscal Note: Available.

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