

# HOUSE BILL REPORT

## SSB 6737

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### As Passed House:

March 6, 1998

**Title:** An act relating to the property taxation of residential housing occupied by low-income developmentally disabled persons.

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

**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).

### Brief History:

#### Committee Activity:

Finance: 2/26/98, 3/2/98 [DP].

#### Floor Activity:

Passed House: 3/6/98, 97-0.

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 14 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Conway; Kastama; Mason; Morris; Pennington; Schoesler and Thompson.

**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. 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

**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 meet 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 inure 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 bill is passed.

**Testimony For:** We believe this bill is a clarification. Under current law property owned or leased by a nonprofit corporation to provide housing for developmentally disabled persons is exempt from property taxation, if the nonprofit organization also provides services on-site to residents living in the housing. This bill clarifies that any property owned or leased by a nonprofit organization for the purpose of housing developmentally disabled persons is exempt from property taxation, regardless of whether services are also provided.

**Testimony Against:** None.

**Testified:** Dave Wood, Action for RHCs (pro).