

FINAL BILL REPORT

SB 5452

C 143 L 97

Synopsis as Enacted

Brief Description: Exempting nonprofit cancer centers from property tax.

Sponsors: Senators Hale, Loveland, West, Winsley, Rasmussen and Oke.

Senate Committee on Ways & Means

House Committee on Finance

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. The only class of property which is exempt by the state Constitution is that owned by the United States, the state, its counties, school districts, and other municipal corporations, but the state Constitution allows the Legislature to exempt other property from taxation.

Major property tax exemptions for nonprofit organizations include churches, nonprofit hospitals, nursing homes, homes for the aging, blood banks, the Red Cross, private schools and colleges, sheltered workshops, day care centers, assembly halls and meeting places, libraries, and youth organizations.

Summary: All real or personal property owned or used by a nonprofit organization in connection with a nonprofit cancer clinic is exempt from property tax. To receive an exemption, the following conditions must be met:

- 1) The clinic must be comprised of or have been formed by an organization qualified for exemption under section 501(c)(3) of the federal Internal Revenue Code, by a municipal hospital corporation, or by both;
- 2) The clinic must be operated by an organization qualified for exemption under section 501(c)(3) of the federal Internal Revenue Code; and
- 3) The property must be used primarily in connection with the prevention, detection, and treatment of cancer.

The exemption also applies to administrative offices located within the clinic that are used exclusively in conjunction with the cancer treatment services provided by the clinic. To be exempt, the exemption benefit for leased real or personal property must go directly to the cancer clinic.

The act is effective for taxes levied for collection in 1998 and thereafter.

Votes on Final Passage:

Senate 49 0

House 98 0

Effective: July 27, 1997