

SENATE BILL REPORT

SB 5452

As Passed Senate, March 17, 1997

Title: An act relating to the property taxation of nonprofit cancer clinics.

Brief Description: Exempting nonprofit cancer centers from property tax.

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

Brief History:

Committee Activity: Ways & Means: 3/5/97, 3/7/97 [DP].
Passed Senate, 3/17/97, 49-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Fraser, Hochstatter, Kohl, Long, McDonald, Rossi, Snyder, Spanel, Swecker, Thibaudeau, Winsley and Zarelli.

Staff: Terry Wilson (786-7433)

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 of Bill: 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 benefit of the exemption for real or personal property which is leased must inure to the cancer clinic.

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

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This applies to a clinic in the Tri-Cities area. It is a new facility that is funded by donations. The only reason they don't qualify for the hospital exemption is because patients do not stay overnight.

Testimony Against: None.

Testified: Senator Hale, prime sponsor (pro).