
HOUSE BILL 2151

State of Washington 55th Legislature 1997 Regular Session

By Representatives Sehlin, Morris, Anderson, Quall, Butler and Chandler

Read first time 02/24/97. Referred to Committee on Finance.

1 AN ACT Relating to the creation of a property tax exemption for
2 nonprofit organizations exempt from taxation under section 501(c)(3) of
3 the internal revenue code that provide student housing; amending RCW
4 84.36.800, 84.36.805, and 84.36.810; adding a new section to chapter
5 84.36 RCW; and providing an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
8 to read as follows:

9 (1) All real and personal property owned or used by a nonprofit
10 organization, corporation, or association to provide housing for
11 students who attend a public college or university is exempt from
12 taxation if all of the following conditions are met:

13 (a) The nonprofit organization, corporation, or association that
14 owns or uses the student housing facility and applies for the exemption
15 is qualified for exemption under section 501(c)(3) of the internal
16 revenue code of 1986 (26 U.S.C. Sec. 501(c)(3));

17 (b) The nonprofit organization, corporation, or association is
18 organized for the exclusive purposes of promoting, supporting,
19 maintaining, and developing the cultural, educational, living, and

1 operational conditions of a public college or university and its
2 students;

3 (c) The purpose of the student housing facility is to provide
4 suitable housing for students who attend a public college or university
5 in furtherance of the education mission of the public institution, and
6 the purpose is not to provide housing for residents of the general
7 community in which the public institution is located;

8 (d) The exempt portion of the property must be used exclusively to
9 provide housing for students who attend a public college or university,
10 except as provided in RCW 84.36.805; and

11 (e) The board of trustees or other governing body at the public
12 college or university has passed a resolution declaring its approval of
13 any combination of the construction, renovation, and operation of the
14 student housing facility.

15 (2) The exemption does not apply to any administrative offices
16 located within the student housing facility or to any portion of the
17 property used by anyone other than:

18 (a) Students who attend the public college or university; and

19 (b) Resident managers or managers required by the college or
20 university to live in the housing under the contract between the public
21 college or university and the nonprofit organization, corporation, or
22 association.

23 (3) If the real or personal property for which exemption is sought
24 is leased, the benefit of the exemption must inure to the user.

25 (4) For the purposes of this section, "public college or
26 university" means an institution of higher education as defined in RCW
27 28B.10.016.

28 **Sec. 2.** RCW 84.36.800 and 1994 c 124 s 18 are each amended to read
29 as follows:

30 As used in RCW 84.36.020, 84.36.030, (~~84.36.550~~) 84.36.037,
31 84.36.040, 84.36.041, 84.36.050, 84.36.060, 84.36.550, section 1 of
32 this act, and 84.36.800 through 84.36.865:

33 (1) "Church purposes" means the use of real and personal property
34 owned by a nonprofit religious organization for religious worship or
35 related administrative, educational, eleemosynary, and social
36 activities. This definition is to be broadly construed;

37 (2) "Convent" means a house or set of buildings occupied by a
38 community of clergy or nuns devoted to religious life under a superior;

1 (3) "Hospital" means any portion of a hospital building, or other
2 buildings in connection therewith, used as a residence for persons
3 engaged or employed in the operation of a hospital, or operated as a
4 portion of the hospital unit;

5 (4) "Nonprofit" means an organization, association or corporation
6 no part of the income of which is paid directly or indirectly to its
7 members, stockholders, officers, directors or trustees except in the
8 form of services rendered by the organization, association, or
9 corporation in accordance with its purposes and bylaws and the salary
10 or compensation paid to officers of such organization, association or
11 corporation is for actual services rendered and compares to the salary
12 or compensation of like positions within the public services of the
13 state;

14 (5) "Parsonage" means a residence occupied by a member of the
15 clergy who has been designated for a particular congregation and who
16 holds regular services therefor.

17 **Sec. 3.** RCW 84.36.805 and 1995 2nd sp.s. c 9 s 2 are each amended
18 to read as follows:

19 In order to be exempt pursuant to RCW 84.36.030, (~~84.36.550,~~)
20 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
21 84.36.047, 84.36.050, 84.36.060, 84.36.350, (~~and~~) 84.36.480,
22 84.36.550, and section 1 of this act, the nonprofit organizations,
23 associations or corporations shall satisfy the following conditions:

24 (1) The property is used exclusively for the actual operation of
25 the activity for which exemption is granted, unless otherwise provided,
26 and does not exceed an amount reasonably necessary for that purpose,
27 except:

28 (a) The loan or rental of the property does not subject the
29 property to tax if:

30 (i) The rents and donations received for the use of the portion of
31 the property are reasonable and do not exceed the maintenance and
32 operation expenses attributable to the portion of the property loaned
33 or rented; and

34 (ii) Except for the exemptions under RCW 84.36.030(4) and
35 84.36.037, the property would be exempt from tax if owned by the
36 organization to which it is loaned or rented;

1 (b) The use of the property for fund-raising activities does not
2 subject the property to tax if the fund-raising activities are
3 consistent with the purposes for which the exemption is granted;

4 (2) The property is irrevocably dedicated to the purpose for which
5 exemption has been granted, and on the liquidation, dissolution, or
6 abandonment by said organization, association, or corporation, said
7 property will not inure directly or indirectly to the benefit of any
8 shareholder or individual, except a nonprofit organization,
9 association, or corporation which too would be entitled to property tax
10 exemption(~~(:—PROVIDED, That the)~~). This property need not be
11 irrevocably dedicated if it is leased or rented to those qualified for
12 exemption pursuant to RCW 84.36.035, 84.36.040, 84.36.041, (~~(or)~~)
13 84.36.043, or section 1 of this act, or those qualified for exemption
14 as an association engaged in the production or performance of musical,
15 dance, artistic, dramatic, or literary works pursuant to RCW 84.36.060,
16 but only if under the terms of the lease or rental agreement the
17 nonprofit organization, association, or corporation receives the
18 benefit of the exemption;

19 (3) The facilities and services are available to all regardless of
20 race, color, national origin or ancestry;

21 (4) The organization, association, or corporation is duly licensed
22 or certified where such licensing or certification is required by law
23 or regulation;

24 (5) Property sold to organizations, associations, or corporations
25 with an option to be repurchased by the seller shall not qualify for
26 exempt status;

27 (6) The director of the department of revenue shall have access to
28 its books in order to determine whether such organization, association,
29 or corporation is exempt from taxes within the intent of RCW 84.36.030,
30 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
31 84.36.047, 84.36.050, 84.36.060, 84.36.350, (~~(and)~~) 84.36.480, and
32 section 1 of this act.

33 **Sec. 4.** RCW 84.36.810 and 1994 c 124 s 19 are each amended to read
34 as follows:

35 (1) Upon cessation of a use under which an exemption has been
36 granted pursuant to RCW 84.36.030, (~~(84.36.550,)~~) 84.36.037, 84.36.040,
37 84.36.041, 84.36.043, 84.36.050, (~~(and)~~) 84.36.060, 84.36.550, and
38 section 1 of this act, the county treasurer shall collect all taxes

1 which would have been paid had the property not been exempt during the
2 three years preceding, or the life of such exemption, if such be less,
3 together with the interest at the same rate and computed in the same
4 way as that upon delinquent property taxes. Where the property has
5 been granted an exemption for more than ten years, taxes and interest
6 shall not be assessed under this section.

7 (2) Subsection (1) of this section applies only when ownership of
8 the property is transferred or when fifty-one percent or more of the
9 area of the property has lost its exempt status. The additional tax
10 under subsection (1) of this section shall not be imposed if the
11 cessation of use resulted solely from:

12 (a) Transfer to a nonprofit organization, association, or
13 corporation for a use which also qualifies and is granted exemption
14 under the provisions of chapter 84.36 RCW;

15 (b) A taking through the exercise of the power of eminent domain,
16 or sale or transfer to an entity having the power of eminent domain in
17 anticipation of the exercise of such power;

18 (c) Official action by an agency of the state of Washington or by
19 the county or city within which the property is located which disallows
20 the present use of such property;

21 (d) A natural disaster such as a flood, windstorm, earthquake, or
22 other such calamity rather than by virtue of the act of the
23 organization, association, or corporation changing the use of such
24 property;

25 (e) Relocation of the activity and use of another location or site
26 except for undeveloped properties of camp facilities exempted under RCW
27 84.36.030;

28 (f) Cancellation of a lease on property that had been exempt under
29 RCW 84.36.040, 84.36.041, 84.36.043, ~~((or))~~ 84.36.060, or section 1 of
30 this act;

31 (g) A change in the exempt portion of a home for the aging under
32 RCW 84.36.041(3), as long as some portion of the home remains exempt;

33 (h) The conversion of a full exemption of a home for the aging to
34 a partial exemption or taxable status or the conversion of a partial
35 exemption to taxable status under RCW 84.36.041(8).

36 NEW SECTION. **Sec. 5.** This act takes effect January 1, 1998.

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