

FINAL BILL REPORT

ESHB 2191

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Synopsis as Enacted

Brief Description: Providing property tax exemptions for certain property leased by public entities.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Morris, Sehlin, Lisk and Fromhold).

House Committee on Finance
Senate Committee on Ways & Means

Background:

All property in the state is subject to property tax each year based on the property's value unless a specific exemption is provided by law. The Constitution exempts property owned by the United States, the state, counties, school districts, and other municipal corporations from property taxes.

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 organization.

On April 6, 1999, the State Board of Tax Appeals issued a ruling regarding a property tax exemption for property that Public Hospital District #2 of Snohomish County was leasing. It concluded that the leased property was not exempt from property taxes. Public Hospital District #2 of Snohomish County, like other governments, is exempt on the property it owns. However, the statute that provides this exemption does not extend the exemption to the property these governments lease.

After this decision and a review of the property tax exemptions statutes, the Department of Revenue decided it had incorrectly allowed property tax exemptions for property leased by a number of community colleges, public hospital districts, and one library district. This January, the Department of Revenue sent letters revoking the tax exemption for this leased property.

Summary:

A property tax exemption is established for real and personal property owned by nonprofit foundations of institutions of higher education that is leased to an institution of higher education. The property must be actively utilized by currently enrolled students.

If the exempt property is no longer used by a state institution of higher education then up to seven years of tax benefit from the exemption will be collected.

Real and personal property leased and used by a hospital that is owned by a public hospital district is exempt from property tax.

Votes on Final Passage:

House 98 0

Senate 47 0

Effective: July 22, 2001