
Finance Committee

HB 2750

Brief Description: Revising the property taxation of art, scientific, or historical organizations.

Sponsors: Representatives Gombosky, Nixon, Wood, Ballasiotes, Conway, Veloria, Ogden, Chase, Berkey, Skinner and Edwards.

Brief Summary of Bill

- Allows non-profit museums and performing arts associations to retain their property tax exemption when they allow another organization that does not qualify for the property tax exemption to use or rent their exempt property.

Hearing Date: 2/7/02

Staff: Rick Peterson (786-7150).

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. Examples of nonprofit property tax exemptions are: Character building, benevolent, protective or rehabilitative social service organizations; churches and church camps; youth character building organizations; war veterans organizations; national and international relief organizations; federal guaranteed student loan organizations; blood, bone and tissue banks; public assembly halls; medical research or training facilities; art, scientific, and historical collections; sheltered workshops; fair associations; humane societies; water distribution property; schools and colleges; radio/television rebroadcast facilities; fire company property; day-care centers; free public libraries; orphanages; nursing homes; hospitals; outpatient dialysis facilities; homes for the aging; day care centers; performing arts properties; homeless shelters; outpatient dialysis facilities; and blood banks.

Property tax exempt property must be used exclusively for the actual operation of the activity for which exemption was granted. The property may be loaned or rented if (a) The rent received for the use of the property is reasonable and does not exceed maintenance and

operation expenses, and (b) except for public assembly halls and war veterans organizations, the organization renting the property would be exempt from tax if they owned the property.

Public assembly halls and war veterans organizations may rent their exempt facilities to businesses for a limited period. In the case of war veterans organizations, their facilities may be rented to a profit making business for three days a year. Public assembly halls may be rented to a profit making business for up to seven days a year and, if located in a county with less than 10,000 population, may rent the property for the following business activities: dance lessons; art classes; and music lessons.

Summary of Bill:

Non-profit associations that maintain and exhibit historical, scientific, or artistic collections and performing arts associations may retain their property tax exemption when they allow another organization that does not qualify for the property tax exemption to use or rent their exempt property. To retain the exemption the following conditions must be satisfied. The use, loan, or rental must be reasonable; the income derived from the use, loan, or rental can not exceed maintenance and operation expenses; and the income derived can not exceed 10 percent of the total financial support of the non-profit association.

Appropriation: None.

Fiscal Note: Available.

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