

SENATE BILL REPORT

HB 1219

As of March 20, 2001

Title: An act relating to property tax exemptions for community radio stations.

Brief Description: Exempting community public radio stations from property taxation.

Sponsors: By Representatives Marine, D. Schmidt, Roach, Delvin, Cooper and Skinner.

Brief History:

Committee Activity: Ways & Means: 3/22/01.

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7474)

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. 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. Examples of some nonprofit property tax exemptions are:

Property Tax Exemptions for Nonprofit Organizations:

Exempt on Owned Property Only

- character building, benevolent, protective or rehabilitative social service organizations
- churches and church camps
- youth character building organizations
- war veterans' organizations
- water distribution property
- nonprofit nature conservancy organization
- public assembly halls
- medical research or training facilities
- art, scientific, or historical collections
- sheltered workshops
- fair associations
- humane societies

Exempt on Owned or Leased Property

- free public libraries
- orphanages
- nursing homes
- hospitals
- homes for the aging
- schools and colleges
- day care centers
- radio/TV rebroadcast facilities
- performing arts properties
- homeless shelters
- outpatient dialysis facilities
- blood banks

Generally, if a nonprofit tax exempt organization fails to maintain the exemption for ten years, then up to three years of back taxes and interest are collected when the exemption is removed.

Most nonprofit organizations receiving an exemption must meet the following conditions:

1. the property must be used exclusively for the exempt purpose, except that the property may be loaned or rented to another tax exempt organization or used for fund-raising activities;
2. the property must be irrevocably dedicated to the exempt purpose unless it is leased to an organization eligible for an exemption on leased property, in which case, the benefit of the exemption must go to the exempt organization;
3. the facilities and services must be available to all regardless of race, color, national origin, or ancestry;
4. the organization must be licensed or certified when required by law or regulation;
5. the exemption is not available if the property is sold to an exempt organization with an option to repurchase by the seller; and,
6. the Department of Revenue shall have access to the organization's books for purposes of determining eligibility for the exemption.

Summary of Bill: All real or personal property owned and used by certain nonprofit community public radio stations is exempt from property tax. A community public radio station owner must be someone other than a governmental entity or an educational institution and must also hold a non-commercial FM broadcast license granted to nonprofit educational organizations for the advancement of educational programs. Under federal regulations a station holding one of these licenses may transmit programs directed to specific schools or school systems and educational, cultural, and entertainment programs to the public.

The collection of three years of back taxes applies to this property if the property is removed from exemption within ten years.

The exemption for nonprofit community public radio stations is not covered by the conditions that require exclusive use, irrevocable dedication, nondiscrimination, licensing and certification, repurchase agreements, and books open to the Department of Revenue.

This property tax exemption applies to taxes levied in 2001 and thereafter.

Appropriation: None.

Fiscal Note: Available.

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