

SENATE BILL REPORT

SB 5767

As Reported By Senate Committee On:
Higher Education, February 20, 2001

Title: An act relating to granting certain real property tax exemptions to nonprofit, tax-exempt school or college foundations.

Brief Description: Granting property tax exemptions to certain nonprofit organizations.

Sponsors: Senators Carlson and Zarelli.

Brief History:

Committee Activity: Higher Education: 2/13/01, 2/20/01 [DPS-WM].

SENATE COMMITTEE ON HIGHER EDUCATION

Majority Report: That Substitute Senate Bill No. 5767 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kohl-Welles, Chair; Shin, Vice Chair; Carlson, Horn, Jacobsen, McAuliffe, Parlette, Sheahan and B. Sheldon.

Staff: Casey Bui (786-7448)

Background: Most 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. Exemptions exist for personal property, public property, private property, and property of nonprofit organizations that is used for specific purposes. Property meeting certain conditions may have property taxes determined on current use values rather than market values. There are three categories of land under the open space program: (a) open space lands, (b) farm and agriculture lands, and (c) timber lands. With some exceptions, property under the open space program that is sold or transferred may lose its current use classification and become subject to back taxes, interest, penalty, and future taxation at market value.

Summary of Substitute Bill: Property owned by foundations of institutions of higher education is exempt from property taxation. Clarifying language is added, referencing schools, colleges, and universities. Additionally, land classified under the open space program that is transferred to a foundation of an institution of higher education is exempt from back taxes and other provisions outlined in current law.

Substitute Bill Compared to Original Bill: The substitute bill adds clarifying language that references universities as well as schools and colleges.

Appropriation: None.

Fiscal Note: Requested on February 1, 2001.

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

Testimony For: Foundations of colleges and universities provide important services by purchasing and leasing land and other property to a college or university. Land used for these purposes should remain exempt from tax assessment. Otherwise, foundations will have to pass the cost on to the school for which they serve. This is counter-productive and is not cost effective.

Testimony Against: None.

Testified: PRO: Patrick Kennicott, Skagit Valley College Foundation; Tay Conrad, Community Colleges of Spokane; Gail Stevenson, Community Colleges of Spokane; Terry Teale, COP; Dick Thompson, UW. NEUTRAL: Ms. Peri Maxey, DOR.