
SUBSTITUTE HOUSE BILL 2191

State of Washington

57th Legislature

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

Read first time 03/08/2001. Referred to Committee on .

1 AN ACT Relating to property tax exemptions for property leased by
2 public entities; amending RCW 84.36.040, 84.36.050, and 84.36.815;
3 reenacting and amending RCW 84.36.810; and creating a new section.

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

5 **Sec. 1.** RCW 84.36.040 and 1989 c 379 s 1 are each amended to read
6 as follows:

7 (1) The real and personal property used by nonprofit (a) day care
8 centers as defined pursuant to RCW 74.15.020; (b) free public
9 libraries; (c) orphanages and orphan asylums; (d) homes for the sick or
10 infirm; (e) hospitals for the sick; and (f) outpatient dialysis
11 facilities, which are used for the purposes of such organizations shall
12 be exempt from taxation: PROVIDED, That the benefit of the exemption
13 inures to the user.

14 (2) The real and personal property leased to and used by a
15 hospital, owned and operated by a public hospital district established
16 under chapter 70.44 RCW, for hospital purposes is exempt from taxation.
17 The benefit of the exemption must inure to the user.

1 (3) To be exempt under this section, the property must be used
2 exclusively for the purposes for which exemption is granted, except as
3 provided in RCW 84.36.805.

4 **Sec. 2.** RCW 84.36.050 and 1984 c 220 s 5 are each amended to read
5 as follows:

6 The following property (~~(shall be)~~) is exempt from taxation:

7 (1) Property owned or used for any nonprofit school or college in
8 this state for educational purposes or cultural or art educational
9 programs as defined in RCW 82.04.4328. Real property so exempt shall
10 not exceed four hundred acres in extent and, except as provided in RCW
11 84.36.805, shall be used exclusively for college or campus purposes
12 including but not limited to, buildings and grounds designed for the
13 educational, athletic, or social programs of (~~said~~) the institution,
14 the housing of students, the housing of religious faculty, the housing
15 of the chief administrator, athletic buildings and all other school or
16 college facilities, the need for which would be nonexistent but for the
17 presence of (~~such~~) the school or college and which are principally
18 designed to further the educational functions of (~~such~~) the college
19 or schools. If the property is leased, the benefit of the exemption
20 (~~shall~~) must inure to the user;

21 (2) Real or personal property owned by a not-for-profit foundation
22 that is established for the exclusive support of an institution of
23 higher education, as defined in RCW 28B.10.016. The property is exempt
24 if it is leased to and used by the institution exclusively for college
25 or campus purposes and is principally designed to further the
26 educational functions of the institution. The exemption is only
27 available for property directly related to providing student services.
28 The benefit of the exemption must inure to the user.

29 **Sec. 3.** RCW 84.36.810 and 1999 c 203 s 3 and 1999 c 139 s 4 are
30 each reenacted and amended to read as follows:

31 (1)(a) Upon cessation of a use under which an exemption has been
32 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,
33 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550,
34 84.36.560, and 84.36.570, except as provided in (b) of this subsection,
35 the county treasurer shall collect all taxes which would have been paid
36 had the property not been exempt during the three years preceding, or
37 the life of such exemption, if such be less, together with the interest

1 at the same rate and computed in the same way as that upon delinquent
2 property taxes. If the property has been granted an exemption for more
3 than ten consecutive years, taxes and interest shall not be assessed
4 under this section.

5 (b) Upon cessation of use by an institution of higher education of
6 property exempt under RCW 84.36.050(2) the county treasurer shall
7 collect all taxes which would have been paid had the property not been
8 exempt during the seven years preceding, or the life of the exemption,
9 whichever is less.

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

15 (a) Transfer to a nonprofit organization, association, or
16 corporation for a use which also qualifies and is granted exemption
17 under this chapter;

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

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

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

28 (e) Relocation of the activity and use of another location or site
29 except for undeveloped properties of camp facilities exempted under RCW
30 84.36.030;

31 (f) Cancellation of a lease on leased property that had been exempt
32 under this chapter or RCW 84.36.560; or

33 (g) A change in the exempt portion of a home for the aging under
34 RCW 84.36.041(3), as long as some portion of the home remains exempt.

35 (3) Subsections (2)(e) and (f) of this section do not apply to
36 property leased to a state institution of higher education and exempt
37 under RCW 84.36.050(2).

1 **Sec. 4.** RCW 84.36.815 and 1998 c 311 s 27 are each amended to read
2 as follows:

3 In order to qualify for exempt status for any real or personal
4 property under this chapter except personal property under RCW
5 84.36.600, all foreign national governments((~~τ~~)); cemeteries((~~τ~~));
6 nongovernmental nonprofit corporations, organizations, and
7 associations((~~τ~~)); hospitals owned and operated by a public hospital
8 district for purposes of exemption under RCW 84.36.040(2); and soil and
9 water conservation districts shall file an initial application on or
10 before March 31 with the state department of revenue. All applications
11 shall be filed on forms prescribed by the department and shall be
12 signed by an authorized agent of the applicant.

13 In order to requalify for exempt status, all applicants except
14 nonprofit cemeteries shall file an annual renewal declaration on or
15 before March 31 each year. The renewal declaration shall be on forms
16 prescribed by the department of revenue and shall contain an affidavit
17 certifying the exempt status of the real or personal property owned by
18 the exempt organization. When an organization acquires real property
19 qualified for exemption or converts real property to exempt status,
20 such organization shall file an initial application for the property
21 within sixty days following the acquisition or conversion. If the
22 application is filed after the expiration of the sixty-day period a
23 late filing penalty shall be imposed pursuant to RCW 84.36.825, as now
24 or hereafter amended.

25 When organizations acquire real property qualified for exemption or
26 convert real property to an exempt use, the property, upon approval of
27 the application for exemption, is entitled to a property tax exemption
28 for property taxes due and payable the following year. If the owner
29 has paid taxes for the year following the year the property qualified
30 for exemption, the owner is entitled to a refund of the amount paid on
31 the property so acquired or converted.

32 NEW SECTION. **Sec. 5.** This act applies to taxes levied for
33 collection in 2002 and thereafter.

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