
SUBSTITUTE SENATE BILL 5767

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Higher Education (originally sponsored by Senators Carlson and Zarelli)

READ FIRST TIME 02/21/01.

1 AN ACT Relating to granting certain real property tax exemptions to
2 nonprofit, tax-exempt school or college foundations; amending RCW
3 84.36.050; and reenacting and amending RCW 84.34.108.

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

5 **Sec. 1.** RCW 84.34.108 and 1999 sp.s. c 4 s 706 and 1999 c 233 s 22
6 are each reenacted and amended to read as follows:

7 (1) When land has once been classified under this chapter, a
8 notation of such classification shall be made each year upon the
9 assessment and tax rolls and such land shall be valued pursuant to RCW
10 84.34.060 or 84.34.065 until removal of all or a portion of such
11 classification by the assessor upon occurrence of any of the following:

12 (a) Receipt of notice from the owner to remove all or a portion of
13 such classification;

14 (b) Sale or transfer to an ownership, except a transfer that
15 resulted from a default in loan payments made to or secured by a
16 governmental agency that intends to or is required by law or regulation
17 to resell the property for the same use as before, making all or a
18 portion of such land exempt from ad valorem taxation;

1 (c) Sale or transfer of all or a portion of such land to a new
2 owner, unless the new owner has signed a notice of classification
3 continuance, except transfer to an owner who is an heir or devisee of
4 a deceased owner shall not, by itself, result in removal of
5 classification. The notice of continuance shall be on a form prepared
6 by the department of revenue. If the notice of continuance is not
7 signed by the new owner and attached to the real estate excise tax
8 affidavit, all additional taxes calculated pursuant to subsection (4)
9 of this section shall become due and payable by the seller or
10 transferor at time of sale. The county auditor shall not accept an
11 instrument of conveyance of classified land for filing or recording
12 unless the new owner has signed the notice of continuance or the
13 additional tax has been paid, as evidenced by the real estate excise
14 tax stamp affixed thereto by the treasurer. The seller, transferor, or
15 new owner may appeal the new assessed valuation calculated under
16 subsection (4) of this section to the county board of equalization.
17 Jurisdiction is hereby conferred on the county board of equalization to
18 hear these appeals;

19 (d) Determination by the assessor, after giving the owner written
20 notice and an opportunity to be heard, that all or a portion of such
21 land no longer meets the criteria for classification under this
22 chapter. The criteria for classification pursuant to this chapter
23 continue to apply after classification has been granted.

24 The granting authority, upon request of an assessor, shall provide
25 reasonable assistance to the assessor in making a determination whether
26 such land continues to meet the qualifications of RCW 84.34.020 (1) or
27 (3). The assistance shall be provided within thirty days of receipt of
28 the request.

29 (2) Land may not be removed from classification because of:

30 (a) The creation, sale, or transfer of forestry riparian easements
31 under RCW 76.13.120; or

32 (b) The creation, sale, or transfer of a fee interest or a
33 conservation easement for the riparian open space program under RCW
34 76.09.040.

35 (3) Within thirty days after such removal of all or a portion of
36 such land from current use classification, the assessor shall notify
37 the owner in writing, setting forth the reasons for such removal. The
38 seller, transferor, or owner may appeal such removal to the county
39 board of equalization.

1 (4) Unless the removal is reversed on appeal, the assessor shall
2 revalue the affected land with reference to full market value on the
3 date of removal from classification. Both the assessed valuation
4 before and after the removal of classification shall be listed and
5 taxes shall be allocated according to that part of the year to which
6 each assessed valuation applies. Except as provided in subsection (6)
7 of this section, an additional tax, applicable interest, and penalty
8 shall be imposed which shall be due and payable to the county treasurer
9 thirty days after the owner is notified of the amount of the additional
10 tax. As soon as possible, the assessor shall compute the amount of
11 such an additional tax, applicable interest, and penalty and the
12 treasurer shall mail notice to the owner of the amount thereof and the
13 date on which payment is due. The amount of such additional tax,
14 applicable interest, and penalty shall be determined as follows:

15 (a) The amount of additional tax shall be equal to the difference
16 between the property tax paid as "open space land", "farm and
17 agricultural land", or "timber land" and the amount of property tax
18 otherwise due and payable for the seven years last past had the land
19 not been so classified;

20 (b) The amount of applicable interest shall be equal to the
21 interest upon the amounts of such additional tax paid at the same
22 statutory rate charged on delinquent property taxes from the dates on
23 which such additional tax could have been paid without penalty if the
24 land had been assessed at a value without regard to this chapter;

25 (c) The amount of the penalty shall be as provided in RCW
26 84.34.080. The penalty shall not be imposed if the removal satisfies
27 the conditions of RCW 84.34.070.

28 (5) Additional tax, applicable interest, and penalty, shall become
29 a lien on such land which shall attach at the time such land is removed
30 from classification under this chapter and shall have priority to and
31 shall be fully paid and satisfied before any recognizance, mortgage,
32 judgment, debt, obligation or responsibility to or with which such land
33 may become charged or liable. Such lien may be foreclosed upon
34 expiration of the same period after delinquency and in the same manner
35 provided by law for foreclosure of liens for delinquent real property
36 taxes as provided in RCW 84.64.050 now or as hereafter amended. Any
37 additional tax unpaid on its due date shall thereupon become
38 delinquent. From the date of delinquency until paid, interest shall be

1 charged at the same rate applied by law to delinquent ad valorem
2 property taxes.

3 (6) The additional tax, applicable interest, and penalty specified
4 in subsection (4) of this section shall not be imposed if the removal
5 of classification pursuant to subsection (1) of this section resulted
6 solely from:

7 (a) Transfer to a government entity in exchange for other land
8 located within the state of Washington;

9 (b)(i) A taking through the exercise of the power of eminent
10 domain, or (ii) sale or transfer to an entity having the power of
11 eminent domain in anticipation of the exercise of such power, said
12 entity having manifested its intent in writing or by other official
13 action;

14 (c) A natural disaster such as a flood, windstorm, earthquake, or
15 other such calamity rather than by virtue of the act of the landowner
16 changing the use of such property;

17 (d) Official action by an agency of the state of Washington or by
18 the county or city within which the land is located which disallows the
19 present use of such land;

20 (e) Transfer of land to a church when such land would qualify for
21 exemption pursuant to RCW 84.36.020;

22 (f) Acquisition of property interests by state agencies or agencies
23 or organizations qualified under RCW 84.34.210 and 64.04.130 for the
24 purposes enumerated in those sections: PROVIDED, That at such time as
25 these property interests are not used for the purposes enumerated in
26 RCW 84.34.210 and 64.04.130 the additional tax specified in subsection
27 (4) of this section shall be imposed;

28 (g) Removal of land classified as farm and agricultural land under
29 RCW 84.34.020(2)(d);

30 (h) Removal of land from classification after enactment of a
31 statutory exemption that qualifies the land for exemption and receipt
32 of notice from the owner to remove the land from classification;

33 (i) The creation, sale, or transfer of forestry riparian easements
34 under RCW 76.13.120; (~~or~~)

35 (j) The creation, sale, or transfer of a fee interest or a
36 conservation easement for the riparian open space program under RCW
37 76.09.040; or

38 (k) Transfer of land to a foundation of an institution of higher
39 education, as defined in RCW 28B.10.016, when the land would qualify

1 for exemption pursuant to RCW 84.36.050. For the purposes of this
2 subsection (6)(k), a "foundation of an institution of higher education"
3 means a private nonprofit corporation that: (i) Is registered under
4 Title 24 RCW and qualified as a tax-exempt entity under section
5 501(c)(3) of the federal internal revenue code; (ii) exists solely for
6 the benefit of an institution of higher education in this state; and
7 (iii) is registered with the attorney general's office under chapter
8 11.110 RCW.

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

11 The following property shall be exempt from taxation:

12 Property owned or used for any nonprofit university, school ((or)),
13 college, or foundation of an institution of higher education as defined
14 in RCW 84.34.108(6)(k) in this state for educational purposes or
15 cultural or art educational programs as defined in RCW 82.04.4328.
16 Real property so exempt shall not exceed four hundred acres in extent
17 and, except as provided in RCW 84.36.805, shall be used exclusively for
18 college or campus purposes including but not limited to, buildings and
19 grounds designed for the educational, athletic, or social programs of
20 said institution, the housing of students, the housing of religious
21 faculty, the housing of the chief administrator, athletic buildings and
22 all other school or college facilities, the need for which would be
23 nonexistent but for the presence of such school ((or)), college, or
24 university and which are principally designed to further the
25 educational functions of such ((college or)) schools, colleges, or
26 universities. If the property is leased, the benefit of the exemption
27 shall inure to the user.

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