

# SENATE BILL REPORT

## SHB 2783

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As Reported By Senate Committee On:  
Economic Development, February 25, 2004

**Title:** An act relating to property tax exemptions for nonprofit organizations for small business incubators which assist in the creation and expansion of innovative small commercial enterprises.

**Brief Description:** Providing a property tax exemption for nonprofits that assist small businesses.

**Sponsors:** House Committee on Trade & Economic Development (originally sponsored by Representatives Pettigrew, Skinner, O'Brien, Jarrett, Sullivan, Priest, Hunt, Cooper, Conway, Cairnes, Eickmeyer, Kirby, G. Simpson, Ruderman, Schual-Berke, Chase, Lantz, Kenney, Morrell, Wood and Murray).

**Brief History:**

**Committee Activity:** Economic Development: 2/25/04 [DP].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

**Majority Report:** Do pass.

Signed by Senators T. Sheldon, Chair; Hale, Kohl-Welles, Murray, Schmidt and Shin.

**Staff:** Jack Brummel (786-7428)

**Background:** Property taxes apply to the assessed value of all taxable property, which includes all real and personal property located within the state, unless specifically exempt. Exemptions currently allowed include publicly-owned property, property owned by nonprofit organizations, household goods and personal effects.

**Summary of Bill:** A tax exemption is provided for real and personal property of those nonprofit organizations using the property to either: (1) assist startup and expanding businesses by providing education, training and employment of economically disadvantaged people; or (2) to provide shared equipment and work areas as well as technical assistance to entrepreneurs.

If the property ceases to be used by the nonprofit for the assistance of startup and expanding businesses, the county treasurer must collect all taxes which would have been paid had the property not been exempt during the previous three years.

The levy for a taxing district with a nonprofit organization claiming this exemption will be reduced to prevent the remaining taxpayers from experiencing a higher tax rate.

The tax exemption will be applied to taxes levied for collection beginning in 2005.

In 2010, any nonprofit organization claiming this exemption must report to the Department of Revenue (DOR) the number of businesses served by the nonprofit organization and the types of services provided. Failure to submit the report will render a nonprofit organization ineligible for the exemption. DOR shall compile this information and share it with the appropriate committees of the Legislature.

The exemption expires in 2015.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 6, 2004.

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

**Testimony For:** This is intended to help incubators help small businesses. Not having to pay taxes will be a big help. This will help create jobs. There is a review process. Property taxes can be a big expense. Seventy-three percent of incubation facilities in the nation are exempt from property taxes.

**Testimony Against:** None.

**Testified:** Rep. Pettigrew, prime sponsor; Rep Buck; Lincoln Ferris, Jamie Beletz, WA Assoc. of Small Business Incubators; Bill Henderson, Tri-Cities Enterprise Center.