
HOUSE BILL 1905

State of Washington

58th Legislature

2003 Regular Session

By Representatives Gombosky, Buck, Lantz, Tom, Pettigrew, Rockefeller, Skinner, Fromhold, Benson, Kagi, Kessler, Clibborn, Nixon, Kenney, Moeller, Conway, Hudgins, Santos and McDermott

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1 AN ACT Relating to the property taxation of organizations operated
2 exclusively for art, scientific, or historical purposes or engaged in
3 the production and performance of musical, dance, artistic, dramatic,
4 or literary works; amending RCW 84.36.060 and 84.36.805; and creating
5 a new section.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that artistic,
8 scientific, and historical organizations and associations engaged in
9 the production and performance of musical, dance, artistic, dramatic,
10 or literary works provide many public benefits to the people of the
11 state of Washington. Therefore, the legislature finds that it is in
12 the best interest of the state of Washington to provide a limited
13 property tax exemption for the use of these facilities by certain
14 organizations for pecuniary gain to better raise additional revenues
15 from the public in order to be self-sustaining for their exempt
16 purposes.

17 **Sec. 2.** RCW 84.36.060 and 1995 c 306 s 1 are each amended to read
18 as follows:

1 The following property shall be exempt from taxation:

2 (1) All art, scientific, or historical collections of associations
3 maintaining and exhibiting such collections for the benefit of the
4 general public and not for profit, together with all real and personal
5 property of such associations used exclusively for the safekeeping,
6 maintaining and exhibiting of such collections; and all the real and
7 personal property owned by or leased to associations engaged in the
8 production and performance of musical, dance, artistic, dramatic, or
9 literary works for the benefit of the general public and not for
10 profit, which real and personal property is used exclusively for this
11 production or performance.

12 (a) To receive this exemption an organization must be organized and
13 operated exclusively for artistic, scientific, historical, literary,
14 musical, dance, dramatic, or educational purposes and receive a
15 substantial part of its support (exclusive of income received in the
16 exercise or performance by such organization of its purpose or
17 function) from the United States or any state or any political
18 subdivision thereof or from direct or indirect contributions from the
19 general public.

20 (b) The lease or rental of the property to entities not eligible
21 for a property tax exemption under this chapter is subject to the
22 following conditions:

23 (i) The property may be used for the production and performance of
24 musical, dance, artistic, dramatic, or literary works or for community
25 gatherings or assembly, or meetings; and

26 (ii) The use of the property for these purposes does not exceed
27 forty-five days in the calendar year. The property may not be used for
28 pecuniary gain or to promote business activities more than seven of the
29 forty-five days in the calendar year.

30 (c) If the property is not currently being used for an exempt
31 purpose but will be used for an exempt purpose within a reasonable
32 period of time, the nonprofit organization, association, or corporation
33 claiming the exemption must submit proof that a reasonably specific and
34 active program is being carried out to construct, remodel, or otherwise
35 enable the property to be used for an exempt purpose. The property
36 does not qualify for an exemption during this interim period if the
37 property is used by, loaned to, or rented to a for-profit organization

1 or business enterprise. Proof of a specific and active program to
2 build or remodel the property so it may be used for an exempt purpose
3 may include, but is not limited to:

4 (i) Affirmative action by the board of directors, trustees, or
5 governing body of the nonprofit organization, association, or
6 corporation toward an active program of construction or remodeling;

7 (ii) Itemized reasons for the proposed construction or remodeling;

8 (iii) Clearly established plans for financing the construction or
9 remodeling; or

10 (iv) Building permits.

11 ~~((c) Notwithstanding (b) of this subsection, a for profit limited
12 partnership created to provide facilities for the use of nonprofit art,
13 scientific, or historical organizations qualifies for the exemption
14 under (b) of this subsection through 1997 if the for profit limited
15 partnership otherwise qualifies under (b) of this subsection.))~~

16 (2) All fire engines and other implements used for the
17 extinguishment of fire, with the buildings used exclusively for the
18 safekeeping thereof, and for meetings of fire companies, provided such
19 properties belong to any city or town or to a fire company therein.

20 (3) Property owned by humane societies in this state in actual use
21 by such societies.

22 **Sec. 3.** RCW 84.36.805 and 2001 1st sp.s. c 7 s 2 are each amended
23 to read as follows:

24 (1) In order to qualify for an exemption under this chapter (~~and~~
25 ~~RCW 84.36.560~~), the nonprofit organizations, associations, or
26 corporations must satisfy the conditions in this section.

27 (2) The property must be used exclusively for the actual operation
28 of the activity for which exemption is granted, unless otherwise
29 provided, and does not exceed an amount reasonably necessary for that
30 purpose, except:

31 (a) The loan or rental of the property does not subject the
32 property to tax if:

33 (i) Except for the exemption under RCW 84.36.060(1)(b), the rents
34 and donations received for the use of the portion of the property are
35 reasonable and do not exceed the maintenance and operation expenses
36 attributable to the portion of the property loaned or rented; and

1 (ii) Except for the exemptions under RCW 84.36.030(4) (~~and~~),
2 84.36.037, and 84.36.060(1)(b), the property would be exempt from tax
3 if owned by the organization to which it is loaned or rented;

4 (b) The use of the property for fund-raising activities does not
5 subject the property to tax if the fund-raising activities are
6 consistent with the purposes for which the exemption is granted.

7 (3) The property must be irrevocably dedicated to the purpose for
8 which exemption has been granted, and on the liquidation, dissolution,
9 or abandonment by said organization, association, or corporation, said
10 property will not inure directly or indirectly to the benefit of any
11 shareholder or individual, except a nonprofit organization,
12 association, or corporation which too would be entitled to property tax
13 exemption. This property need not be irrevocably dedicated if it is
14 leased or rented to those qualified for exemption under this chapter or
15 RCW 84.36.560 for leased property, but only if under the terms of the
16 lease or rental agreement the nonprofit organization, association, or
17 corporation receives the benefit of the exemption.

18 (4) The facilities and services must be available to all regardless
19 of race, color, national origin or ancestry.

20 (5) The organization, association, or corporation must be duly
21 licensed or certified where such licensing or certification is required
22 by law or regulation.

23 (6) Property sold to organizations, associations, or corporations
24 with an option to be repurchased by the seller shall not qualify for
25 exempt status. This subsection does not apply to property sold to a
26 nonprofit entity, as defined in RCW 84.36.560(7), by:

27 (a) A nonprofit as defined in RCW 84.36.800 that is exempt from
28 income tax under section 501(c) of the federal internal revenue code;

29 (b) A governmental entity established under RCW 35.21.660,
30 35.21.670, or 35.21.730;

31 (c) A housing authority created under RCW 35.82.030;

32 (d) A housing authority meeting the definition in RCW
33 35.82.210(2)(a); or

34 (e) A housing authority established under RCW 35.82.300.

35 (7) The department shall have access to its books in order to
36 determine whether the nonprofit organization, association, or
37 corporation is exempt from taxes under this chapter (~~and RCW~~
38 ~~84.36.560~~)).

1 (8) This section does not apply to exemptions granted under RCW
2 84.36.020, 84.36.032, 84.36.250, and 84.36.260.

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