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SENATE BILL 5756

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State of Washington

59th Legislature

2005 Regular Session

By Senators Sheldon, Shin and Rasmussen

Read first time 02/04/2005. Referred to Committee on International Trade & Economic Development.

1 AN ACT Relating to property tax exemptions for nonprofit  
2 organizations for small business incubators which assist in the  
3 creation and expansion of innovative small commercial enterprises;  
4 amending RCW 84.36.810; adding a new section to chapter 84.36 RCW; and  
5 creating new sections.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that nonprofit  
8 organizations and associations engaged in the education, training, and  
9 employment of economically disadvantaged people who are involved in the  
10 creation and expansion of businesses with marketable products and  
11 services in a physical location provide many public benefits to the  
12 people of the state of Washington. Therefore, the legislature finds  
13 that it is in the best interest of the state of Washington to provide  
14 a limited property tax exemption for the use of these facilities by  
15 certain organizations in order to be self-sustaining for their exempt  
16 purposes.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW  
18 to read as follows:

1 (1) The real and personal property owned or used by a nonprofit  
2 organization is exempt from taxation if the property is used to: (a)  
3 Assist startup and expanding businesses by providing education,  
4 training, and employment of economically disadvantaged people; or (b)  
5 provide shared use of equipment and work areas and daily technical  
6 resources that enable entrepreneurs to transform private activities  
7 into successful businesses.

8 (2) The organization or association must meet all of the additional  
9 following conditions:

10 (a) The organization is organized and conducted for nonsectarian  
11 purposes.

12 (b) The organization is qualified for exemption under section  
13 501(c)(3) of the federal internal revenue code.

14 (c) The organization is governed by a volunteer board of directors  
15 of at least five members.

16 **Sec. 3.** RCW 84.36.810 and 2003 c 344 s 2 are each amended to read  
17 as follows:

18 (1)(a) Upon cessation of a use under which an exemption has been  
19 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,  
20 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550,  
21 84.36.650, 84.36.560, (~~and~~) 84.36.570, and section 2 of this act,  
22 except as provided in (b) of this subsection, the county treasurer  
23 shall collect all taxes which would have been paid had the property not  
24 been exempt during the three years preceding, or the life of such  
25 exemption, if such be less, together with the interest at the same rate  
26 and computed in the same way as that upon delinquent property taxes.  
27 If the property has been granted an exemption for more than ten  
28 consecutive years, taxes and interest shall not be assessed under this  
29 section.

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

35 (2) Subsection (1) of this section applies only when ownership of  
36 the property is transferred or when fifty-one percent or more of the

1 area of the property loses its exempt status. The additional tax under  
2 subsection (1) of this section shall not be imposed if the cessation of  
3 use resulted solely from:

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

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

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

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

17 (e) Relocation of the activity and use of another location or site  
18 except for undeveloped properties of camp facilities exempted under RCW  
19 84.36.030;

20 (f) Cancellation of a lease on leased property that had been exempt  
21 under this chapter; or

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

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

27 NEW SECTION. **Sec. 4.** This act applies to taxes levied for  
28 collection in 2006 and thereafter.

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