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**Finance Committee**

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**HB 1477**

**Brief Description:** Concerning the use by noneligible entities of tax exempt property owned by certain organizations.

**Sponsors:** Representatives Orcutt, Springer and Herrera.

**Brief Summary of Bill**

- Increases the number of days that nonprofit art, scientific and historical collections, and performing arts organizations may rent their tax exempt property to nonexempt users from 25 days to 50 days a year for facilities in rural areas for meetings of nonprofit organizations.

**Hearing Date:** 1/30/09

**Staff:** Rick Peterson (786-7150)

**Background:**

All property in this state is subject to property tax each year based on the property's value unless a specific exemption is provided by law.

Several property tax exemptions exist for non-profit organizations. Facilities of the following organizations are eligible for property tax exemptions: character building, benevolent, protective or rehabilitative social service organizations; churches and church camps, youth character building organizations, war veterans organizations, national and international relief organizations, federal guaranteed student loan organizations, blood, bone, and tissue banks; public assembly halls, medical research or training facilities, art, scientific, and historical collections; sheltered workshops, fair associations, humane societies, water distribution property, schools and colleges, radio/television rebroadcast facilities, fire company property, daycare centers, free public libraries, orphanages, nursing homes, hospitals, outpatient dialysis facilities, homes for the aging, day care centers, performing arts properties, homeless shelters, and blood banks.

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Property tax exempt property must be used exclusively for the actual operation of the activity for which the exemption was granted. Generally the property may be loaned or rented if: (a) the rent received for the use of the property is reasonable and does not exceed maintenance and operation expenses; and (b) the organization renting the property would be exempt from tax if it owned the property.

Exemptions for renting the property to nonexempt organizations is provided for public assembly halls (use for pecuniary gain limited to 15 days a year); war veterans organizations (use for pecuniary gain limited to 15 days a year), character building, benevolent, protective, or rehabilitative social service organizations (all non-exempt users limited to 15 days for organizations located in counties with population less than 20,000); schools and colleges (use for pecuniary gain limited to seven days a year), scientific and historical collections, as well as performing arts properties (all non-exempt users limited to 25 days of which seven can be for pecuniary gain).

To qualify for the exception, scientific and historical collections, as well as performing arts properties must be rented for: artistic, scientific, or historic purposes; the production and performance of musical, dance, artistic, dramatic, or literary works; community gatherings or assembly, or meetings.

**Summary of Bill:**

The 25 day exception for property used by an entity not otherwise eligible for the property tax exemption is extended to 50 days for artistic, scientific, and historical property when the property (1) is located in the unincorporated area of a county, (2) is not located within 10 miles of a city with a population of 15,000 or more, and (3) is used only for meetings of nonprofit organizations.

**Appropriation:** None.

**Fiscal Note:** Available

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.