

# SENATE BILL REPORT

## SB 5634

---

---

As of February 3, 2010

**Title:** An act relating to property tax exemptions on public assembly halls.

**Brief Description:** Concerning property tax exemptions on public assembly halls.

**Sponsors:** Senators Swecker, Haugen, Schoesler, King, Stevens, Honeyford and Shin.

**Brief History:**

**Committee Activity:** Ways & Means: 2/02/10.

---

### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** Property Tax. Real and personal property in this state is subject to property tax each year based on its value. Real property is land, and the buildings, structures, or other improvements made to the land. The property tax is calculated by multiplying the assessed value of real property by the tax rate for each taxing district in which the property is located.

All real and personal property is subject to tax, unless a specific exemption is provided by law. Property owned by the United States, the state of Washington, counties, cities, and other local governments is exempt from property tax by the State Constitution, Article 7, sec. 1.

Real property owned by a nonprofit organization and used for a public assembly hall or meeting place is exempt from the property tax. To maintain the exemption, the use of the property for pecuniary gain may not exceed 15 days in a year, and the income received from such activities must be used for capital improvements, maintenance, and operation of the exempt property.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** A public assembly hall may maintain its tax exempt status for the use of the property for pecuniary gain for more than 15 days in a year if the rental income does not exceed 40 percent of the total revenues received from the use or rental of the property. The income from pecuniary gain uses must be used for capital improvements, maintenance, and operation of the property.

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Appropriation:** None.

**Fiscal Note:** Requested on January 28, 2010.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect beginning with taxes due in 2011.

**Staff Summary of Public Testimony:** PRO: We have a public assembly hall that is an important meeting place in Rochester that is run by a 501(c)(3). They had a judo instructor that was teaching classes once a week. They found out if that occurred more than 15 days in a year they would lose their property tax exemption. This was one of their major funding sources. The bill keeps this pretty narrow and requires that the funds be used for maintenance and operation of the building.

**Persons Testifying:** PRO: Senator Dan Swecker, prime sponsor.