

SENATE BILL REPORT

SB 6335

As of January 15, 2010

Title: An act relating to a property tax exemption for church property used by a nonprofit organization conducting activities related to a farmers market.

Brief Description: Concerning a property tax exemption for church property used by a nonprofit organization conducting activities related to a farmers market.

Sponsors: Senators Jacobsen, Hatfield, Shin and Kohl-Welles.

Brief History:

Committee Activity: Agriculture & Rural Economic Development: 1/18/10.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Staff: Sam Thompson (786-7413)

Background: Washington statutory law provides that churches and certain related structures, personal property, and church grounds up to five acres are exempt from property taxes. Loan or rental of the property to a nonprofit entity or school for eleemosynary activity does not nullify the exemption if rental income is reasonable and devoted solely to operation and maintenance of the property. A Department of Revenue administrative rule provides that eleemosynary means charitable, including types of activities in which some social objective is served or general welfare is advanced. The rule further provides that if a portion of the exempt property is used for commercial rather than church purposes, that portion must be segregated and taxed whether or not proceeds received by the church from the commercial use are applied to church purposes.

It is suggested that use of church property by farmers' markets may expose churches to property tax liability.

Summary of Bill: Loan or rental of church property exempt from property taxation for use for activities related to a farmers market does not nullify the exemption if rental income is reasonable and devoted solely to operation and maintenance of the property. Farmers market is defined as a nonprofit organization, association, or corporation that sponsors a regular assembly of vendors at a defined location for promoting sale of agricultural products grown or produced in Washington directly to the consumer.

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 14, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: The bill applies to taxes levied for collection in 2011 and thereafter.