

# SENATE BILL REPORT

## SB 6388

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As of January 21, 2010

**Title:** An act relating to providing a property tax exemption for property held under lease, sublease, or lease-purchase by a nonprofit organization that provides job training, placement, or preemployment services.

**Brief Description:** Providing a property tax exemption for property held under lease, sublease, or lease-purchase by a nonprofit organization that provides job training, placement, or preemployment services.

**Sponsors:** Senators Regala, Delvin, Kline, Kastama, Shin and McAuliffe.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 1/21/10.

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Staff:** Karen Campbell (786-7448)

**Background:** All property in this state is subject to the property tax each year based on the property's value, unless a specific exemption is provided by law. Several property tax exemptions exist for nonprofit organizations.

**Summary of Bill:** A new property tax exemption is created for property leased, subleased, or held under a lease-purchase agreement by a nonprofit organization that provides job training, placement, or pre-employment services. To receive the exemption, the following conditions must be met:

1. The nonprofit organization must agree to pay the property taxes in the lease, sublease or lease-purchase agreement.
2. The nonprofit organization must file a claim for exemption in the form required by the Department of Revenue (DOR). The claim must include a description of the property and all facts relating to the use of the property by the nonprofit organization. The claim must also include a copy of the lease, sublease, or lease-purchase agreement of the property for which the exemption is claimed, and any other information required by the DOR to determine eligibility for the exemption.

The exemption applies for the tax year beginning July 1 of the year for which it is claimed. The exemption continues as long as the use of the property remains unchanged during the

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period of the lease. If the property use changes, the nonprofit must file a new claim with the DOR.

**Appropriation:** None.

**Fiscal Note:** Requested on January 18, 2010.

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Goodwill Industries provides job training and placement services in addition to engaging in retail sales of primarily used goods. Goodwill's job programs serve the economically disadvantaged and individuals with developmental disabilities. The profits from retail sales cover approximately 95 percent of the operating costs, therefore, leaving less money for the job training and placement programs. This bill would enable Goodwill Industries to direct funds towards its goals of job training and placement. Local governments would benefit from the resulting sales tax on goods sold at Goodwill stores.

**Persons Testifying:** PRO: Phil Watkins, Goodwill Industries.