

# SENATE BILL REPORT

## SB 6653

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As of January 29, 2010

**Title:** An act relating to a property tax exemption for property owned by a nonprofit organization and used for the purpose of a farmers market.

**Brief Description:** Concerning a property tax exemption for property owned by a nonprofit organization and used for the purpose of a farmers market.

**Sponsors:** Senators Jacobsen and Shin.

**Brief History:**

**Committee Activity:** Agriculture & Rural Economic Development: 2/01/10.

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### SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

**Staff:** Sam Thompson (786-7413)

**Background:** All property in Washington is subject to property taxation unless specifically exempted.

Nonprofit public assembly halls or meeting places are exempt from property taxation if used exclusively for public gatherings and available for use by all organizations or persons. Generally, use for business activities nullifies the exemption. However, the exemption is not nullified by:

- collection of rent or donations, if funds are used for capital improvements, maintenance and operation, or exempt purposes;
- fund-raising activities conducted by a nonprofit organization;
- use for business activities for not more than 15 days annually, if income is used for capital improvements, maintenance and operation, or exempt purposes;
- in counties with fewer than 20,000 people (currently ten of 39 Washington counties), business use for dance lessons, art classes, or music lessons; and
- inadvertent non-exempt use, if not part of a pattern of use.

The Department of Revenue must narrowly construe the exemption.

**Summary of Bill:** Nonprofit public assembly halls or meeting places are permitted to retain their exemption from property taxation if used by qualifying farmers markets. All income

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from rental or use by qualifying farmers' markets must be used for capital improvements, maintenance and operations, or exempt purposes.

A qualifying farmers market is an entity that sponsors a regular assembly of vendors at a defined location for promoting the sale of agricultural products grown or produced in Washington directly to the consumer and:

- at least five vendors are farmers selling their own agricultural products;
- total gross annual sales of farmer vendors exceeds total gross annual sales of processor or reseller vendors;
- total gross annual sales of farmer, processor or reseller vendors exceeds total gross annual sales of other vendors;
- sale of imported items and secondhand items is prohibited; and
- no vendor is a franchisee.

The exemption applies to taxes levied for collection beginning in 2011 and thereafter.

**Appropriation:** None.

**Fiscal Note:** Available.

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

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