

SENATE BILL REPORT

SHB 1042

As of March 14, 2011

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: House Committee on Ways & Means (originally sponsored by Representatives Seaquist, Walsh, Kirby, Appleton, Miloscia, Blake and Goodman).

Brief History: Passed House: 3/05/11, 90-7.

Committee Activity: Ways & Means: 3/14/11.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: Property taxes apply to the assessed value of all taxable property unless specifically exempted. Several property tax exemptions exist for property owned by qualifying nonprofit organizations including churches, youth character building organizations, benevolent and charitable organizations, veteran's organizations, and thrift stores that sell only donated merchandise. In addition to property that is owned, in certain cases property that is used by a qualifying nonprofit organization also qualifies for a property tax exemption. For example, property used by nonprofit homes for the aging, nonprofit child care centers, and nonprofit cancer clinics is exempt under certain circumstances.

To receive a property tax exemption, a qualifying organization must file an application with the Department of Revenue (Department) by March 31. The Department reviews applications and forwards a list of exempt property to each county assessor by August 31.

Summary of Bill: Property leased by a nonprofit organization and primarily used for providing job training, placement, or pre-employment services is eligible for a property tax exemption. The property must be leased by a nonprofit organization or a nonprofit organization's sublessee. The nonprofit organization must also be exempt from federal income taxation under 26 U.S.C. Sec. 501(c)(3) of the federal Internal Revenue Code. Also,

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the lease, sublease, or lease purchase agreement must expressly require the organization or association which is the lessee or sublessee to pay any property taxes for the leased or subleased property.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Applies to taxes levied for collection in 2012 and thereafter.