

# SENATE BILL REPORT

## SB 6598

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As of February 22, 2012

**Title:** An act relating to property tax exemptions for nonprofit fair associations in rural counties.

**Brief Description:** Concerning property tax exemptions for nonprofit fair associations in rural counties.

**Sponsors:** Senators Ericksen, Haugen, Holmquist Newbry, Harper, Rolfes, King, Becker, Hatfield, Morton, Litzow, Schoesler and Hewitt.

**Brief History:**

**Committee Activity:** Ways & Means: 2/20/12.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dianne Criswell (786-7433)

**Background:** All real and personal property is subject to property tax each year based on its value, unless a specific exemption is provided by law.

Real and personal property of a nonprofit fair association that sponsors or conducts a county fair is exempt from property tax. The property must be used exclusively for fair purposes. Loan or rental of the property to other property tax exempt organizations or to fair concessionaires does not nullify the exemption, if the rental income is reasonable and is solely devoted to maintenance of the property.

**Summary of Bill:** The exemption is not nullified if the property, owned by a nonprofit fair association located in a rural county, is used by organizations that are not exempt from property tax, if the use is for periods of not more than 50 days in a calendar year. This provision expires July 1, 2014.

**Appropriation:** None.

**Fiscal Note:** Requested on February 17, 2012.

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

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*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.*

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

**Staff Summary of Public Testimony:** PRO: Nonprofit and county owned fairs are struggling. There is less government support than in the past. County fair grounds are exempt from the property tax as governmental entities. In contrast, the nonprofit fair property tax exemption is more restrictive and does not allow for-profit activities. Nonprofit fairs need more revenue options to balance their books. There is a 2014 expiration so that this use may be reviewed in a couple of years. The 50 day nonqualifying use is a threshold that already exists in the tax code for performance halls. The bill might benefit from a definitional change from rural counties to nonprofit fairs that have received money from the state Fair Fund, in order to be more inclusive.

**Persons Testifying:** PRO: Senator Ericksen, prime sponsor; Heather Hansen, WA State Fair Assn.