

# SENATE BILL REPORT

## SB 6598

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As Reported by Senate Committee On:  
Ways & Means, February 23, 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, 2/23/12 [DPS].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6598 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Brown, Conway, Fraser, Harper, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Padden, Pflug, Pridemore, Regala, Schoesler and Tom.

**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 (Recommended Substitute):** The exemption is not nullified if the property, owned by a nonprofit fair association, which has previously received support from the Fair Fund, 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. If

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the nonqualifying use exceeds 50 days in a calendar year and the use only occurs in a portion of the property, then that portion of the property can be segregated and made taxable without nullifying the exemption for the remaining property of the qualified nonprofit fair association.

**EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute):** The 50 day allowance of nonqualifying use is limited to nonprofit fairs that have previously received support from the Fair Fund (instead of being located in rural counties defined in RCW 82.14.370). If the nonqualifying use exceeds fifty days in a calendar year and the use only occurs in a portion of the property, then that portion of the property can be segregated and made taxable without nullifying the exemption for the remaining property of the qualified nonprofit fair association. To align the expiration date with the property tax calendar, the bill applies to taxes levied for collection in 2013 and 2014; the act expires January 1, 2015.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill applies to taxes levied for collection in 2013 and 2014; the act expires January 1, 2015.

**Staff Summary of Public Testimony on Original Bill:** 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.