

FINAL BILL REPORT

SSB 6600

C 76 L 12
Synopsis as Enacted

Brief Description: Extending property tax exemptions to property used exclusively by certain nonprofit organizations that is leased from an entity that acquired the property from a previously exempt nonprofit organization.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Eide).

Senate Committee on Ways & Means
House Committee on Ways & Means

Background: Under current law, property, including buildings and improvements, owned by a nonprofit organization or association engaged in youth character-building activities are exempt from the property tax. In addition churches are exempt from property tax.

Property leased to a nonprofit organization engaged in youth character-building activities – and some other activities – is not exempt from property tax, unless that property is owned by an organization that is otherwise exempt from the property tax.

Currently, there is a situation where a church is leasing property to a for-profit youth character-building organization, which, in turn, is subleasing the property to a nonprofit youth character-building organization. Since the for-profit organization is in the middle of this transaction, the property is subject to property tax.

Summary: Property remains eligible for a property tax exemption for youth, character-building activities, if the property is owned by an property tax exempt church or other nonprofit organization which is exempt from property taxation that leases the property to another organization for the same exempt purposes, provided that:

- the property is owned by an entity formed exclusively for the purpose of leasing the property to an organization, which will use the property for the exempt purposes;
- the property is leased to an organization, which uses the property for the exempt purposes;
- the immediate previous owner of the property had received an exemption for the property; and
- the benefits of the exemption must be passed on to the lessee of the property.

These provisions are in effect for nonprofit youth character-building organizations; nonprofit, nonsectarian organizations which provide character building; protective or rehabilitative

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social services for all ages; veterans relief organizations; church camp facilities; and nonprofit organizations that issue debt for student loans or that are guarantee agencies.

Votes on Final Passage:

Senate	47	0
House	91	7

Effective: June 7, 2012