
SUBSTITUTE HOUSE BILL 1042

State of Washington 62nd Legislature 2011 Regular Session

By House Ways & Means (originally sponsored by Representatives Seaquist, Walsh, Kirby, Appleton, Miloscia, Blake, and Goodman)

READ FIRST TIME 02/25/11.

1 AN ACT Relating to providing a property tax exemption for property
2 held under lease, sublease, or lease-purchase by a nonprofit
3 organization that provides job training, placement, or preemployment
4 services; amending RCW 84.36.030; and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 84.36.030 and 2006 c 305 s 1 are each amended to read
7 as follows:

8 The following real and personal property (~~shall be~~) are exempt
9 from taxation:

10 (1)(a) Property owned by nonprofit organizations or associations,
11 organized and conducted for nonsectarian purposes, which shall be used
12 for character-building, benevolent, protective or rehabilitative social
13 services directed at persons of all ages.

14 (b) The sale of donated merchandise (~~shall~~) is not (~~be~~)
15 considered a commercial use of the property under this section if the
16 proceeds are devoted to the furtherance of the purposes of the selling
17 organization or association as specified in this subsection (1).

18 (c) In a county with a population of less than twenty thousand, the
19 rental or use of property, owned by a nonprofit organization or

1 association described in (a) of this subsection, by a person, group, or
2 organization in one of the following ways (~~shall~~) does not nullify
3 the exemption:

4 (i) The property may be rented or used for pecuniary gain or for
5 business activities or by individuals, groups, and organizations for
6 private purposes if the rental or use:

7 (A) Does not exceed fifteen days each assessment year;

8 (B) No comparable private for-profit facility exists within ten
9 miles of the property that could be used for the same purpose for which
10 the property is loaned or rented; and

11 (C) All income from the rental or use of the exempt property is
12 used for capital improvements to the exempt property, maintenance and
13 operation of the exempt property, or for exempt purposes; or

14 (ii) The property is rented or used by a nonprofit community group
15 or other nonprofit organization that might not qualify for exemption if
16 it owned the property as long as the rental or use of the property:

17 (A) Does not exceed fifteen days each assessment year;

18 (B) Does not result in pecuniary gain;

19 (C) Does not involve business activities;

20 (D) Is always for the general public good; and

21 (E) All income from the rental or use of the exempt property is
22 used for capital improvements to the exempt property, maintenance and
23 operation of the exempt property, or for exempt purposes.

24 (d) Property primarily used for providing job training, placement,
25 or preemployment services or for supporting job training, placement, or
26 preemployment services through the sale of donated goods as provided in
27 (b) of this subsection (1) and which is leased by an organization or
28 association which otherwise meets the requirements in this subsection
29 (1) and is exempt from federal income taxation under 26 U.S.C. Sec.
30 501(c)(3) of the federal internal revenue code. To qualify for the
31 exemption, the lease, sublease, or lease-purchase agreement must
32 expressly require the organization or association which is lessee or
33 sublessee to pay any property taxes for the leased or subleased
34 property.

35 (2) Property owned by any nonprofit church, denomination, group of
36 churches, or an organization or association, the membership of which is
37 comprised solely of churches or their qualified representatives, which
38 is utilized as a camp facility if used for organized and supervised

1 recreational activities and church purposes as related to such camp
2 facilities. The exemption provided by this (~~paragraph shall apply~~)
3 subsection applies to a maximum of two hundred acres of any such camp
4 as selected by the church, including buildings and other improvements
5 thereon.

6 (3) Property, including buildings and improvements required for the
7 maintenance and safeguarding of such property, owned by nonprofit
8 organizations or associations engaged in character building of boys and
9 girls under eighteen years of age, and used for such purposes and uses,
10 provided such purposes and uses are for the general public good(~~+~~
11 ~~PROVIDED, That~~)). However, if existing charters provide that
12 organizations or associations, which would otherwise qualify under the
13 provisions of this (~~paragraph~~) subsection, serve boys and girls up to
14 the age of twenty-one years, then such organizations or associations
15 (~~shall be~~) are deemed qualified pursuant to this section.

16 (4)(a) Property owned by all organizations and societies of
17 veterans of any war of the United States, recognized as such by the
18 department of defense, which (~~shall have~~) has national charters, and
19 which (~~shall have~~) has for their general purposes and objects the
20 preservation of the memories and associations incident to their war
21 service and the consecration of the efforts of their members to mutual
22 helpfulness and to patriotic and community service to state and nation.
23 To be exempt such property must be used in such manner as may be
24 reasonably necessary to carry out the purposes and objects of such
25 societies.

26 (b) The use of the property for pecuniary gain or for business
27 activities, except as provided in this subsection (4), nullifies the
28 exemption otherwise available for the property for the assessment year.
29 The exemption is not nullified by:

30 (i) The collection of rent or donations if the amount is reasonable
31 and does not exceed maintenance and operation expenses.

32 (ii) Fund-raising activities conducted by a nonprofit organization.

33 (iii) The use of the property for pecuniary gain for periods of not
34 more than fifteen days in a year.

35 (c) An inadvertent use of the property in a manner inconsistent
36 with the purpose for which exemption is granted, if the inadvertent use
37 is not part of a pattern of use. A pattern of use is presumed when an

1 inadvertent use is repeated in the same assessment year or in two or
2 more successive assessment years.

3 (5) Property owned by all corporations, incorporated under any act
4 of congress, whose principal purposes are to furnish volunteer aid to
5 members of the armed forces of the United States and also to carry on
6 a system of national and international relief and to apply the same in
7 mitigating the sufferings caused by pestilence, famine, fire, floods,
8 and other national calamities and to devise and carry on measures for
9 preventing the same.

10 (6) Property owned by nonprofit organizations exempt from federal
11 income tax under (~~section~~) 26 U.S.C. Sec. 501(c)(3) of the federal
12 internal revenue code of ((1954)) 1986, as amended, that are guarantee
13 agencies under the federal guaranteed student loan program or that
14 issue debt to provide or acquire student loans.

15 (7) To be exempt under this section, the property must be used
16 exclusively for the purposes for which exemption is granted, except as
17 provided in RCW 84.36.805.

18 (8) For the purposes of this section, "general public good" means
19 members of the community derive a benefit from the rental or use of the
20 property by the nonprofit community group or organization.

21 NEW SECTION. **Sec. 2.** This act applies to taxes levied for
22 collection in 2012 and thereafter.

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