

E2SSB 5078 - H COMM AMD
By Committee on Finance

ADOPTED 04/17/2013

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that nonprofit
4 fairs provide educational opportunities for youth and promote
5 agriculture and the welfare of rural Washington. The legislature
6 further finds that publicly owned fairgrounds can be rented or loaned
7 out on a temporary basis without jeopardizing the property's exempt
8 status for property tax purposes. The legislature further finds that
9 many cities and counties have transferred ownership in fairground
10 properties to nonprofit fair associations to achieve operational
11 efficiencies. The legislature further finds that properties previously
12 owned by cities or counties, and now owned and operated by nonprofit
13 fair associations, may be subject to property tax even though the use
14 of the property has not changed.

15 (2) It is the intent of the legislature to mitigate an unintended
16 consequence of the property tax code that would otherwise interfere
17 with a city's or county's ability to achieve operational efficiencies
18 and follows best practices by transferring fairgrounds to nonprofit
19 fair associations for an identical use of the property. It is the
20 further intent of the legislature to expire the property tax exemption
21 in five years to evaluate if the exemption has created any unintended
22 consequences, including any unfair competitive advantage that may be
23 conferred by the property tax exemption over private businesses, and
24 identify other similar tax situations where ownership of property may
25 be transferred from a public entity to a nonprofit association.

26 **Sec. 2.** RCW 84.36.480 and 1984 c 220 s 6 are each amended to read
27 as follows:

28 (~~The following property shall be exempt from taxation:~~) (1)
29 Except as provided otherwise in subsections (2) and (3) of this

1 section, the real and personal property of a nonprofit fair association
2 that sponsors or conducts a fair or fairs ((which)) that is eligible to
3 receive support from ((revenues collected pursuant to RCW 67.16.100))
4 the fair fund, as created in RCW 15.76.115 and allocated by the
5 director of the department of agriculture, is exempt from taxation. To
6 be exempt under this ((section)) subsection (1), the property must be
7 used exclusively for fair purposes, except as provided in RCW
8 84.36.805. However, the loan or rental of property otherwise exempt
9 under this section to a private concessionaire or to any person for use
10 as a concession in conjunction with activities permitted under this
11 section shall not nullify the exemption if the concession charges are
12 subject to agreement and the rental income, if any, is reasonable and
13 is devoted solely to the operation and maintenance of the property.

14 (2)(a) Except as provided otherwise in subsection (3) of this
15 section, the real and personal property owned by a nonprofit fair
16 association organized under chapter 24.06 RCW and used for fair
17 purposes is exempt from taxation if the majority of such property, as
18 determined by assessed value, was purchased or acquired by the same
19 nonprofit fair association from a county or a city between 1995 and
20 1998.

21 (b) The exemption under this subsection (2) may not be claimed for
22 taxes levied for collection in 2019 and thereafter.

23 (3) A nonprofit fair association with real and personal property
24 having an assessed value of more than fifteen million dollars is not
25 eligible for the exemptions under this section.

26 **Sec. 3.** RCW 84.36.805 and 2006 c 319 s 1 and 2006 c 226 s 3 are
27 each reenacted and amended to read as follows:

28 (1) In order to qualify for an exemption under this chapter, the
29 nonprofit organizations, associations, or corporations must satisfy the
30 conditions in this section.

31 (2) The property must be used exclusively for the actual operation
32 of the activity for which exemption is granted, unless otherwise
33 provided, and does not exceed an amount reasonably necessary for that
34 purpose, except:

35 (a) The loan or rental of the property does not subject the
36 property to tax if:

1 (i) The rents and donations received for the use of the portion of
2 the property are reasonable and do not exceed the maintenance and
3 operation expenses attributable to the portion of the property loaned
4 or rented; and

5 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
6 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt
7 from tax if owned by the organization to which it is loaned or rented;

8 (b) The use of the property for fund-raising activities does not
9 subject the property to tax if the fund-raising activities are
10 consistent with the purposes for which the exemption is granted.

11 (3) The facilities and services must be available to all regardless
12 of race, color, national origin or ancestry.

13 (4) The organization, association, or corporation must be duly
14 licensed or certified where such licensing or certification is required
15 by law or regulation.

16 (5) Property sold to organizations, associations, or corporations
17 with an option to be repurchased by the seller (~~shall~~) does not
18 qualify for exempt status. This subsection does not apply to property
19 sold to a nonprofit entity, as defined in RCW 84.36.560(7), by:

20 (a) A nonprofit as defined in RCW 84.36.800 that is exempt from
21 income tax under (~~section~~) 26 U.S.C. Sec. 501(c) of the federal
22 internal revenue code;

23 (b) A governmental entity established under RCW 35.21.660,
24 35.21.670, or 35.21.730;

25 (c) A housing authority created under RCW 35.82.030;

26 (d) A housing authority meeting the definition in RCW
27 35.82.210(2)(a); or

28 (e) A housing authority established under RCW 35.82.300.

29 (6) The department (~~shall~~) must have access to its books in order
30 to determine whether the nonprofit organization, association, or
31 corporation is exempt from taxes under this chapter.

32 (7) This section does not apply to exemptions granted under RCW
33 84.36.020, 84.36.032, 84.36.250, (~~and~~) 84.36.260, and 84.36.480(2)."

34 Correct the title.

EFFECT: Establishes legislative intent for the nonprofit fair

association property tax exemption. Changes the nonprofit fair association property tax exemption by including the real and personal property acquired by a nonprofit fair association organized under chapter 24.06 RCW from a city between 1995 and 1998. Removes the restriction that the property must have been used previously by the county for fair purposes. Expires changes authorizing certain nonprofit fairs acquired by a city or a county from property taxes due for collection in 2019 and thereafter.

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