
Finance Committee

HB 1215

Brief Description: Concerning the exemption for property owned by nonprofit religious organizations.

Sponsors: Representatives Sells, McCoy and Ryu.

Brief Summary of Bill

Allows a nonprofit religious organization to loan or rent its property for non-qualifying uses up to 15 days each year without nullifying its property tax exemption.

Hearing Date: 1/28/13

Staff: Dominique Meyers (786-7150).

Background:

All property in Washington is subject to property tax each year based on the property's value, except property specifically exempt by law. Several property tax exemptions exist for nonprofit organizations. Nonprofit public assembly halls or meeting places are exempt from property taxes. Generally, the property may not be loaned or rented for pecuniary gain or businesses purposes, unless the rent or income received is reasonable and used for operation and maintenance or capital improvements of the exempt property. In addition, the use of the exempt property for pecuniary gain may not exceed 15 days each assessment year.

The property tax exemption for nonprofit religious organizations is limited to five acres including grounds covered by the church, parsonage, convent, maintenance buildings, and parking. Church property loaned or rented to a nonprofit organization, association, corporation or school can only be used for charitable purposes or activities related to a farmers market. Activities related to a farmers market may not occur on the property more than 53 days each assessment year. If rent is received for use of the property, it must be reasonable and used for maintenance and operation expenses of the property.

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.

Summary of Bill:

The property tax exemption for nonprofit religious organizations is not nullified if the property is loaned or rented for pecuniary gain or business activities as long as the use does not exceed 15 days each assessment year. Rental income must be reasonable and used for the operation and maintenance or capital improvements of the exempt property.

Appropriation: None.

Fiscal Note: Requested on 01/22/13.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.