

FINAL BILL REPORT

E2SSB 5078

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Synopsis as Enacted

Brief Description: Modifying the property tax exemption for nonprofit fairs.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Ericksen, Smith, Hatfield, Baumgartner, Chase and Shin).

Senate Committee on Agriculture, Water & Rural Economic Development
Senate Committee on Ways & Means
House Committee on Finance

Background: Agricultural fairs are divided into four categories. Area fairs are organized to serve an area larger than one county. County and district fairs are organized to serve single counties and are under the direct control of county commissioners. Community fairs are organized primarily to serve a smaller area than an area or county fair. Youth shows and fairs serve three or more counties, educate and train rural youth, and are approved by Washington State University or the Office of Superintendent of Public Instruction. According to the Washington State Department of Agriculture, there are 33 county fairs, four area fairs, 17 community fairs, and 12 youth fairs.

In holding with agricultural fairs being declared in the public interest, these fairs may receive allocations from the fair fund. The fair fund, in the custody of the state treasury, receives money from the state general fund and from the horseracing commission, if any surplus remains at the close of the fiscal biennium after all commission expenses are paid.

Counties have the authority to designate a nonprofit corporation as the exclusive agency to operate and manage fairs and to provide a revolving fund to be used by fair officials for the conduct of the fair.

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: The authority of nonprofit fair associations to receive funds from the horse racing commission is deleted.

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.

Except for nonprofit fair associations having property valued at more than \$15 million, the real and personal property of a nonprofit fair association that is eligible to receive support from the fair fund is exempt from taxation.

The exemption from taxation is for real and personal property previously owned by a city. When this property is acquired by a nonprofit fair association and used for fair purposes by the association, if the majority of the property was acquired from a county or city between 1995 and 1998, the exemption applies.

The requirement that the property must have been used for fair purposes by the city is removed.

This exemption will end for taxes levied for collection in 2019 and thereafter.

An intent section is added.

Votes on Final Passage:

Senate	47	0	
House	86	10	(House amended)
Senate	47	0	(Senate concurred)

Effective: July 28, 2013.