

FINAL BILL REPORT

SB 6405

C 99 L 14
Synopsis as Enacted

Brief Description: Providing greater consistency in how nonprofit tax-exempt property may be used without jeopardizing the property's tax-exempt status.

Sponsors: Senators Baumgartner, Padden, Hargrove and Cleveland; by request of Department of Revenue.

Senate Committee on Ways & Means
House Committee on Finance

Background: All real and personal property is subject to property tax each year based on its value, unless a specific exemption is provided by law. Several property tax exemptions exist for property owned by churches and various nonprofit organizations, including schools, camps, veteran organizations, blood and tissue banks, public assembly halls, ecological education, and conservation organizations. On a limited basis, nonexempt activity is allowed on tax-exempt property of nonprofit organizations. The nonexempt activities permitted and conditions under which they are allowed vary among nonprofit organizations.

Summary: Standardized criteria are established regarding the nonexempt use of tax-exempt property owned by nonprofit organizations.

In order to qualify for the tax exemption, nonprofit organizations must satisfy the following conditions: (1) rent and donations received from the use of the property are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented; (2) fundraising events are permitted if they are consistent with the purpose of the exempt organization; (3) exempt property may be used for nonexempt purposes for not more than 50 days within a calendar year; and (4) exempt property may be used for pecuniary gain or to promote business activities for no more than 15 days per calendar year. Activities related to farmers markets on exempt church property may occur no more than 53 days within each assessment year.

If these conditions are violated, the exemption is removed for the affected portion of property for that assessment year.

Votes on Final Passage:

Senate 48 0

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House 96 0

Effective: June 12, 2014
December 31, 2020 (Sections 3 and 8)