
HOUSE BILL 2345

State of Washington

63rd Legislature

2014 Regular Session

By Representatives Carlyle, Nealey, and Vick; by request of Department of Revenue

Read first time 01/15/14. Referred to Committee on Finance.

1 AN ACT Relating to providing greater consistency in how nonprofit
2 tax-exempt property may be used without jeopardizing the property's
3 tax-exempt status; amending RCW 84.36.020, 84.36.020, 84.36.030,
4 84.36.032, 84.36.035, 84.36.037, 84.36.037, 84.36.050, 84.36.060,
5 84.36.260, 84.36.264, and 84.36.805; creating new sections; providing
6 an effective date; and providing an expiration date.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that tax-exempt
9 property of nonprofit organizations may generally be used for nonexempt
10 purposes on a limited basis. However, the legislature further finds
11 that these allowable nonexempt uses, and the conditions applicable to
12 such uses, vary depending on the specific exemption. The legislature
13 further finds that these inconsistencies create inequities and
14 confusion for nonprofits, leads to piecemeal legislation, and
15 complicates the administration of nonprofit property tax exemptions.
16 Therefore, this act is intended to address these problems by providing
17 greater consistency with respect to how nonprofits may use their tax-
18 exempt property for nonexempt purposes. This act is not intended to

1 place any additional limits or restrictions on any existing statutorily
2 authorized nonexempt uses of exempt property of nonprofit
3 organizations.

4 **Sec. 2.** RCW 84.36.020 and 2010 c 186 s 2 are each amended to read
5 as follows:

6 The following real and personal property is exempt from taxation:

7 (1) All lands, buildings, and personal property required for
8 necessary administration and maintenance, used, or to the extent used,
9 exclusively for public burying grounds or cemeteries without
10 discrimination as to race, color, national origin or ancestry;

11 (2)(a) All churches, personal property, and the ground, not
12 exceeding five acres in area, upon which a church of any nonprofit
13 recognized religious denomination is or will be built, together with a
14 parsonage, convent, and buildings and improvements required for the
15 maintenance and safeguarding of such property. The area exempted in
16 any case includes all ground covered by the church, parsonage, convent,
17 and buildings and improvements required for the maintenance and
18 safeguarding of such property and the structures and ground necessary
19 for street access, parking, light, and ventilation, but the area of
20 unoccupied ground exempted in such cases, in connection with church,
21 parsonage, convent, and buildings and improvements required for the
22 maintenance and safeguarding of such property, does not exceed the
23 equivalent of one hundred twenty by one hundred twenty feet except
24 where additional unoccupied land may be required to conform with state
25 or local codes, zoning, or licensing requirements. The parsonage and
26 convent need not be on land contiguous to the church property. Except
27 as otherwise provided in this subsection, to be exempt the property
28 must be wholly used for church purposes.

29 (b) If the rental income or donations, if applicable, are
30 reasonable and do not exceed the maintenance and operation expenses
31 attributable to the portion of the property loaned or rented, the
32 exemption provided by this subsection (2) is not nullified by:

33 (i) The loan or rental of property otherwise exempt under this
34 subsection to a nonprofit organization, association, or corporation, or
35 school ((for use for)) to conduct an eleemosynary activity or ((for use
36 for)) to conduct activities related to a farmers market(, does not
37 nullify the exemption provided in this subsection if the rental income,

1 ~~if any, is reasonable and is devoted solely to the operation and~~
2 ~~maintenance of the property)).~~ However, activities related to a
3 farmers market may not occur on the property more than fifty-three days
4 each assessment year. For the purposes of this section, "farmers
5 market" has the same meaning as "qualifying farmers market" as defined
6 in RCW 66.24.170;

7 (ii) The rental or use of the property by any individual, group, or
8 entity, where such rental or use is not otherwise authorized by this
9 subsection (2), for not more than fifty days in each calendar year, and
10 the property is not used for pecuniary gain or to promote business
11 activities for more than fifteen of the fifty days in each calendar
12 year. The fifty and fifteen-day limitations provided in this
13 subsection (2)(b)(ii) do not include days used for setup and takedown
14 activities preceding or following a meeting or other event by an
15 individual, group, or entity using the property as provided in this
16 subsection (2)(b)(ii); or

17 (iii) An inadvertent use of the property in a manner inconsistent
18 with the purpose for which exemption is granted, if the inadvertent use
19 is not part of a pattern of use. A pattern of use is presumed when an
20 inadvertent use is repeated in the same assessment year or in two or
21 more successive assessment years.

22 **Sec. 3.** RCW 84.36.020 and 1994 c 124 s 16 are each amended to read
23 as follows:

24 The following real and personal property shall be exempt from
25 taxation:

26 (1) All lands, buildings, and personal property required for
27 necessary administration and maintenance, used, or to the extent used,
28 exclusively for public burying grounds or cemeteries without
29 discrimination as to race, color, national origin or ancestry;

30 (2)(a) All churches, personal property, and the ground, not
31 exceeding five acres in area, upon which a church of any nonprofit
32 recognized religious denomination is or (~~shall~~) must be built,
33 together with a parsonage, convent, and buildings and improvements
34 required for the maintenance and safeguarding of such property. The
35 area exempted (~~shall~~) must in any case include all ground covered by
36 the church, parsonage, convent, and buildings and improvements required
37 for the maintenance and safeguarding of such property and the

1 structures and ground necessary for street access, parking, light, and
2 ventilation, but the area of unoccupied ground exempted in such cases,
3 in connection with church, parsonage, convent, and buildings and
4 improvements required for the maintenance and safeguarding of such
5 property, shall not exceed the equivalent of one hundred twenty by one
6 hundred twenty feet except where additional unoccupied land may be
7 required to conform with state or local codes, zoning, or licensing
8 requirements. The parsonage and convent need not be on land contiguous
9 to the church property. Except as otherwise provided in this
10 subsection, to be exempt the property must be wholly used for church
11 purposes(~~(:—PROVIDED, That)~~).

12 (b) If the rental income or donations, if applicable, are
13 reasonable and do not exceed the maintenance and operation expenses
14 attributable to the portion of the property loaned or rented, the
15 exemption provided by this subsection (2) is not nullified by:

16 (i) The loan or rental of property otherwise exempt under this
17 ((paragraph)) subsection (2) to a nonprofit organization, association,
18 or corporation, or school ((for use for)) to conduct an eleemosynary
19 activity ((shall not nullify the exemption provided in this paragraph
20 if the rental income, if any, is reasonable and is devoted solely to
21 the operation and maintenance of the property)));

22 (ii) The rental or use of the property by any individual, group, or
23 entity, where such rental or use is not otherwise authorized by this
24 subsection (2), for not more than fifty days in each calendar year, and
25 the property is not used for pecuniary gain or to promote business
26 activities for more than fifteen of the fifty days in each calendar
27 year. The fifty and fifteen-day limitations provided in this
28 subsection (2)(b)(ii) do not include days during which setup and
29 takedown activities take place immediately preceding or following a
30 meeting or other event by an individual, group, or entity using the
31 property as provided in this subsection (2)(b)(ii); or

32 (iii) An inadvertent use of the property in a manner inconsistent
33 with the purpose for which exemption is granted, if the inadvertent use
34 is not part of a pattern of use. A pattern of use is presumed when an
35 inadvertent use is repeated in the same assessment year or in two or
36 more successive assessment years.

1 **Sec. 4.** RCW 84.36.030 and 2006 c 305 s 1 are each amended to read
2 as follows:

3 The following real and personal property (~~shall be~~) is exempt
4 from taxation:

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

9 (b) The sale of donated merchandise (~~shall~~) is not (~~be~~)
10 considered a (~~commercial~~) nonexempt use of the property under this
11 section if the proceeds are devoted to the furtherance of the purposes
12 of the selling organization or association as specified in this
13 subsection (1).

14 (~~(c) In a county with a population of less than twenty thousand,~~
15 ~~the rental or use of property, owned by a nonprofit organization or~~
16 ~~association described in (a) of this subsection, by a person, group, or~~
17 ~~organization in one of the following ways shall not nullify the~~
18 ~~exemption:~~

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

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

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

26 ~~(C) All income from the rental or use of the exempt property is~~
27 ~~used for capital improvements to the exempt property, maintenance and~~
28 ~~operation of the exempt property, or for exempt purposes; or~~

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

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

33 ~~(B) Does not result in pecuniary gain;~~

34 ~~(C) Does not involve business activities;~~

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

36 ~~(E) All income from the rental or use of the exempt property is~~
37 ~~used for capital improvements to the exempt property, maintenance and~~
38 ~~operation of the exempt property, or for exempt purposes.))~~

1 (2) Property owned by any nonprofit church, denomination, group of
2 churches, or an organization or association, the membership of which is
3 comprised solely of churches or their qualified representatives, which
4 is utilized as a camp facility if used for organized and supervised
5 recreational activities and church purposes as related to such camp
6 facilities. The exemption provided by this paragraph shall apply to a
7 maximum of two hundred acres of any such camp as selected by the
8 church, including buildings and other improvements thereon.

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

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

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

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

34 ~~(ii) Fund raising activities conducted by a nonprofit organization.~~

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

37 ~~(c) An inadvertent use of the property in a manner inconsistent~~
38 ~~with the purpose for which exemption is granted, if the inadvertent use~~

1 ~~is not part of a pattern of use. A pattern of use is presumed when an~~
2 ~~inadvertent use is repeated in the same assessment year or in two or~~
3 ~~more successive assessment years.))~~

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

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

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

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

22 **Sec. 5.** RCW 84.36.032 and 1975 1st ex.s. c 291 s 13 are each
23 amended to read as follows:

24 The real and personal property of the administrative offices of
25 nonprofit recognized religious organizations shall be exempt to the
26 extent that the property is used for the administration of the
27 religious programs of the organization and such other programs as would
28 be exempt under RCW 84.36.020 and 84.36.030 as now or hereafter
29 amended. The provisions of RCW 84.36.020(2)(b) apply to this section.

30 **Sec. 6.** RCW 84.36.035 and 2004 c 82 s 4 are each amended to read
31 as follows:

32 (1) The following property (~~shall be~~) is exempt from taxation:
33 All property, whether real or personal, belonging to or leased by
34 any nonprofit corporation or association and used exclusively in the
35 business of a qualifying blood bank, a qualifying tissue bank, or a

1 qualifying blood and tissue bank, or in the administration of these
2 businesses. If the real or personal property is leased, the benefit of
3 the exemption shall inure to the nonprofit corporation or association.

4 (2) The definitions in RCW 82.04.324 apply to this section.

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

8 **Sec. 7.** RCW 84.36.037 and 2010 c 186 s 1 are each amended to read
9 as follows:

10 (1) Real or personal property owned by a nonprofit organization,
11 association, or corporation in connection with the operation of a
12 public assembly hall or meeting place is exempt from taxation. The
13 area exempt under this section includes the building or buildings, the
14 land under the buildings, and an additional area necessary for parking,
15 not exceeding a total of one acre. When property for which exemption
16 is sought is essentially unimproved except for restroom facilities and
17 structures and this property has been used primarily for annual
18 community celebration events for at least ten years, the exempt
19 property ~~((shall))~~ may not exceed twenty-nine acres.

20 (2) To qualify for this exemption the property must be used
21 exclusively for public gatherings and must be available to all
22 organizations or persons desiring to use the property, but the owner
23 may impose conditions and restrictions which are necessary for the
24 safekeeping of the property and promote the purposes of this exemption.
25 Membership shall not be a prerequisite for the use of the property.

26 (3) The use of the property for pecuniary gain or for business
27 activities, except as provided in this section and RCW 84.36.805,
28 nullifies the exemption otherwise available for the property for the
29 assessment year. If all income received from rental or use of the
30 exempt property is used for capital improvements to the exempt
31 property, maintenance and operation of the exempt property, or exempt
32 purposes, the exemption is not nullified as provided by RCW 84.36.805
33 or by:

34 (a) ~~((The collection of rent or donations if all funds collected~~
35 ~~are used for capital improvements to the exempt property, maintenance~~
36 ~~and operation of the exempt property, or for exempt purposes.~~

37 ~~(b) Fund raising activities conducted by a nonprofit organization.~~

1 ~~(c)(i) Except as provided in (c)(ii) of this subsection, the use of~~
2 ~~the property for pecuniary gain, for business activities for periods of~~
3 ~~not more than fifteen days each assessment year so long as all income~~
4 ~~received from rental or use of the exempt property is used for capital~~
5 ~~improvements to the exempt property, maintenance and operation of the~~
6 ~~exempt property, or for exempt purposes.~~

7 ~~(ii)) The use of the property ((for pecuniary gain or for business~~
8 ~~activities if the property is used for activities related)) to conduct~~
9 ~~a qualifying farmers market, as defined in RCW 66.24.170, for not more~~
10 ~~than fifty-three days each assessment year, ((and all income received~~
11 ~~from rental or use of the exempt property is used for capital~~
12 ~~improvements to the exempt property, maintenance and operation of the~~
13 ~~exempt property, or exempt purposes.~~

14 ~~(d)) if the rental income or donations, if any, are reasonable and~~
15 ~~do not exceed the maintenance and operation expenses attributable to~~
16 ~~the portion of the property loaned or rented; or~~

17 (b) In a county with a population of less than twenty thousand, the
18 use of the property to promote the following business activities, if
19 the rental income or donations, if any, are reasonable and do not
20 exceed the maintenance and operation expenses attributable to the
21 portion of the property loaned or rented: Dance lessons, art classes,
22 or music lessons.

23 ~~((e) An inadvertent use of the property in a manner inconsistent~~
24 ~~with the purpose for which exemption is granted, if the inadvertent use~~
25 ~~is not part of a pattern of use. A pattern of use is presumed when an~~
26 ~~inadvertent use is repeated in the same assessment year or in two or~~
27 ~~more successive assessment years.))~~

28 (4) The department of revenue must narrowly construe this
29 exemption.

30 **Sec. 8.** RCW 84.36.037 and 2006 c 305 s 3 are each amended to read
31 as follows:

32 (1) Real or personal property owned by a nonprofit organization,
33 association, or corporation in connection with the operation of a
34 public assembly hall or meeting place is exempt from taxation. The
35 area exempt under this section includes the building or buildings, the
36 land under the buildings, and an additional area necessary for parking,
37 not exceeding a total of one acre. When property for which exemption

1 is sought is essentially unimproved except for restroom facilities and
2 structures and this property has been used primarily for annual
3 community celebration events for at least ten years, the exempt
4 property shall not exceed twenty-nine acres.

5 (2) To qualify for this exemption the property must be used
6 exclusively for public gatherings and be available to all organizations
7 or persons desiring to use the property, but the owner may impose
8 conditions and restrictions which are necessary for the safekeeping of
9 the property and promote the purposes of this exemption. Membership
10 shall not be a prerequisite for the use of the property.

11 (3) The use of the property for pecuniary gain or for business
12 activities, except as provided in this section and RCW 84.36.805,
13 nullifies the exemption otherwise available for the property for the
14 assessment year. If all income received from rental or use of the
15 exempt property is used for capital improvements to the exempt
16 property, maintenance and operation of the exempt property, or exempt
17 purposes, the exemption is not nullified ((by:

18 ~~(a) The collection of rent or donations if all funds collected are~~
19 ~~used for capital improvements to the exempt property, maintenance and~~
20 ~~operation of the exempt property, or for exempt purposes.~~

21 ~~(b) Fund raising activities conducted by a nonprofit organization.~~

22 ~~(c) The use of the property for pecuniary gain, for business~~
23 ~~activities for periods of not more than fifteen days each assessment~~
24 ~~year so long as all income received from rental or use of the exempt~~
25 ~~property is used for capital improvements to the exempt property,~~
26 ~~maintenance and operation of the exempt property, or for exempt~~
27 ~~purposes.~~

28 ~~(d))~~ as provided by RCW 84.36.805 or by the use of the property,
29 in a county with a population of less than twenty thousand, ((the use
30 of the property)) to promote the following business activities, if the
31 rental income or donations, if any, are reasonable and do not exceed
32 the maintenance and operation expenses attributable to the portion of
33 the property loaned or rented: Dance lessons, art classes, or music
34 lessons.

35 ~~((e) 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 (4) The department of revenue (~~shall~~) must narrowly construe this
4 exemption.

5 **Sec. 9.** RCW 84.36.050 and 2006 c 226 s 2 are each amended to read
6 as follows:

7 The following property is exempt from taxation:

8 (1) Property owned or used by or for any nonprofit school or
9 college in this state for educational purposes or cultural or art
10 educational programs as defined in RCW 82.04.4328. Real property so
11 exempt (~~shall~~) may not exceed four hundred acres including, but not
12 limited to, buildings and grounds designed for the educational,
13 athletic, or social programs of the institution, the housing of
14 students, religious faculty, and the chief administrator, athletic
15 buildings, and all other school or college facilities, the need for
16 which would be nonexistent but for the presence of the school or
17 college. The property must be principally designed to further the
18 educational, athletic, or social functions of the college or school.
19 If the property is leased, the benefit of the exemption must inure to
20 such school or college.

21 (2) Real or personal property owned by a not-for-profit foundation
22 that is established for the exclusive support of an institution of
23 higher education, as defined in RCW 28B.10.016. If the property is
24 leased to and used by the institution for college or campus purposes,
25 it must be principally designed to further the educational, athletic,
26 or social functions of the institution. The exemption is only
27 available for property actively utilized by currently enrolled
28 students. The benefit of the exemption must inure to the college.

29 (3) Subject to (~~subsection (4) of this section~~) RCW
30 84.36.805(2)(a)(i), if the property exempt under subsection (1) or (2)
31 of this section is used by an individual or organization not entitled
32 to a property tax exemption, except as provided in this subsection, the
33 exemption is nullified for the assessment year in which such use
34 occurs. The exemption is not nullified as a result of any of the uses
35 listed in (a) or (b) of this subsection or RCW 84.36.805(8):

36 (a) The property is used by students, alumni, faculty, staff, or
37 other persons or entities in a manner consistent with the educational,

1 social, or athletic programs, including property used for related
2 administrative and support functions, of the school or college and not
3 for pecuniary gain or to promote business activities. Notwithstanding
4 the foregoing, the school or college may contract with and permit the
5 use of school or college property by persons or entities to provide
6 school or college-related programs or services including, but not
7 limited to, the provision of food services to students, faculty, and
8 staff, the operation of a bookstore on campus, and the provision to the
9 school or college of maintenance, operational, or administrative
10 services without nullifying the exemption; or

11 (b) The property is used for pecuniary gain or to promote business
12 activities (~~((for not more than seven days in the calendar year))~~) as
13 authorized by RCW 84.36.805, such uses to be measured separately with
14 respect to each specific portion of such property. If exempt property
15 is used as a sports or educational camp or program taught, operated, or
16 conducted by a faculty member who is required or permitted to do so as
17 part of his or her compensation package, the days when the property is
18 so used will not be (~~((included in calculating the seven day limitation~~
19 ~~of this subsection (3)(b)).~~

20 ~~(4) The amount of rent or donations, if any, received by the~~
21 ~~college or school for such uses described in subsection (3)(a) or (b)~~
22 ~~of this section, or by an organization entitled to a property tax~~
23 ~~exemption, must be reasonable and not exceed maintenance and operation~~
24 ~~expenses associated with the use by such user.~~

25 ~~(5) The exemption under this section will not be nullified by an~~
26 ~~inadvertent use of the property in a manner inconsistent with the~~
27 ~~purpose for which exemption is granted, if the inadvertent use is not~~
28 ~~part of a pattern of use. A pattern of use is presumed when an~~
29 ~~inadvertent use is repeated in the same assessment year or in two or~~
30 ~~more successive assessment years)) considered to be days when the~~
31 ~~property is used for nonexempt purposes.~~

32 **Sec. 10.** RCW 84.36.060 and 2009 c 58 s 1 are each amended to read
33 as follows:

- 34 (1) The following property (~~(shall be)~~) is exempt from taxation:
35 (a) All art, scientific, or historical collections of associations
36 maintaining and exhibiting such collections for the benefit of the

1 general public and not for profit, together with all real and personal
2 property of such associations used exclusively for the safekeeping,
3 maintaining and exhibiting of such collections;

4 (b) All the real and personal property owned by or leased to
5 associations engaged in the production and performance of musical,
6 dance, artistic, dramatic, or literary works for the benefit of the
7 general public and not for profit, which real and personal property is
8 used exclusively for this production or performance;

9 (c) All fire engines and other implements used for the
10 extinguishment of fire, and the buildings used exclusively for their
11 safekeeping, and for meetings of fire companies, as long as the
12 property belongs to any city or town or to a fire company; and

13 (d) All property owned by humane societies in this state in actual
14 use by the societies.

15 (2) To receive an exemption under subsection (1)(a) or (b) of this
16 section:

17 (a) An organization must be organized and operated exclusively for
18 artistic, scientific, historical, literary, musical, dance, dramatic,
19 or educational purposes and receive a substantial part of its support
20 (exclusive of income received in the exercise or performance by such
21 organization of its purpose or function) from the United States or any
22 state or any political subdivision thereof or from direct or indirect
23 contributions from the general public.

24 (b) If the property is not currently being used for an exempt
25 purpose but will be used for an exempt purpose within a reasonable
26 period of time, the nonprofit organization, association, or corporation
27 claiming the exemption must submit proof that a reasonably specific and
28 active program is being carried out to construct, remodel, or otherwise
29 enable the property to be used for an exempt purpose. The property
30 does not qualify for an exemption during this interim period if the
31 property is used by, loaned to, or rented to a for-profit organization
32 or business enterprise. Proof of a specific and active program to
33 build or remodel the property so it may be used for an exempt purpose
34 may include, but is not limited to:

35 (i) Affirmative action by the board of directors, trustees, or
36 governing body of the nonprofit organization, association, or
37 corporation toward an active program of construction or remodeling;

38 (ii) Itemized reasons for the proposed construction or remodeling;

1 (iii) Clearly established plans for financing the construction or
2 remodeling; or

3 (iv) Building permits.

4 (3) The use of property exempt under subsection (1)(a) or (b) of
5 this section by entities not eligible for a property tax exemption
6 under this chapter, except as provided in ~~((this section))~~ RCW
7 84.36.805, nullifies the exemption otherwise available for the property
8 for the assessment year. ~~((The exemption is not nullified if:~~

9 ~~(a) The property is used by entities not eligible for a property~~
10 ~~tax exemption under this chapter for periods of not more than fifty~~
11 ~~days in the calendar year;~~

12 ~~(b) The property is not used for pecuniary gain or to promote~~
13 ~~business activities for more than fifteen of the fifty days in the~~
14 ~~calendar year; and~~

15 ~~(c) The property is used for artistic, scientific, or historic~~
16 ~~purposes, for the production and performance of musical, dance,~~
17 ~~artistic, dramatic, or literary works, or for community gatherings or~~
18 ~~assembly, or meetings.~~

19 ~~(4) The fifty and fifteen day limitations in subsection (3) of this~~
20 ~~section do not include days used for setup and takedown activities~~
21 ~~preceding or following a meeting or other event by an entity using the~~
22 ~~property as provided in subsection (3) of this section.))~~

23 **Sec. 11.** RCW 84.36.260 and 2009 c 549 s 1034 are each amended to
24 read as follows:

25 (1) All real property interests, including fee simple or any lesser
26 interest, development rights, easements, covenants and conservation
27 futures, as that latter term is defined in RCW 84.34.220 as now or
28 hereafter amended, used exclusively for the conservation of ecological
29 systems, natural resources, or open space, including park lands, held
30 by any nonprofit corporation or association the primary purpose of
31 which is the conducting or facilitating of scientific research or the
32 conserving of natural resources or open space for the general public,
33 shall be exempt from ad valorem taxation if either of the following
34 conditions are met:

35 ~~((1))~~ (a) To the extent feasible considering the nature of the
36 property interest involved, such property interests shall be used and
37 effectively dedicated primarily for the purpose of providing scientific

1 research or educational opportunities for the general public or the
2 preservation of native plants or animals, or biotic communities, or
3 works of ancient human beings or geological or geographical formations,
4 of distinct scientific and educational interest, and not for the
5 pecuniary benefit of any person or company, as defined in RCW
6 82.04.030, and shall be open to the general public for educational and
7 scientific research purposes subject to reasonable restrictions
8 designed for its protection; or

9 ((+2)) (b) Such property interests (~~(shall be)~~) are subject to an
10 option, accepted in writing by the state, a city or a county, or
11 department of the United States government, for the purchase thereof by
12 the state, a city or a county, or the United States, at a price not
13 exceeding the lesser of the following amounts: ((+a)) (i) The sum of
14 the original purchase cost to such nonprofit corporation or association
15 plus interest from the date of acquisition by such corporation or
16 association at the rate of six percent per annum compounded annually to
17 the date of the exercise of the option; or ((+b)) (ii) the appraised
18 value of the property at the time of the granting of the option, as
19 determined by the department of revenue or when the option is held by
20 the United States, or by an appropriate agency thereof.

21 (2) To be exempt under this section, the property must be used
22 exclusively for the purposes for which exemption is granted, except as
23 provided by RCW 84.36.805.

24 **Sec. 12.** RCW 84.36.264 and 1994 c 124 s 17 are each amended to
25 read as follows:

26 Owners of property desiring tax exempt status pursuant to the
27 provisions of RCW 84.36.260 (~~(shall)~~) must make an application for the
28 exemption with the department. If such property qualifies pursuant to
29 RCW 84.36.260((+2)) (1)(b), a copy of the option (~~(shall)~~) must also
30 be submitted to the department. Such option (~~(shall)~~) must clearly
31 state the purchase price pursuant to the option or the appraisal value
32 as determined by the department of revenue.

33 **Sec. 13.** RCW 84.36.805 and 2013 c 212 s 3 are each amended to read
34 as follows:

35 (1) In order to qualify for an exemption under this chapter, the

1 nonprofit organizations, associations, or corporations must satisfy the
2 conditions in this section.

3 (2) The property must be used exclusively for the actual operation
4 of the activity for which exemption is granted, unless otherwise
5 provided, and does not exceed an amount reasonably necessary for that
6 purpose(~~(, except)~~). Notwithstanding anything to the contrary in this
7 section:

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

10 (i) The rents and donations received for the use of the portion of
11 the property are reasonable and do not exceed the maintenance and
12 operation expenses attributable to the portion of the property loaned
13 or rented; and

14 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
15 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt
16 from tax if owned by the organization to which it is loaned or rented;

17 (b) The use of the property for fund-raising (~~(activities)~~) events
18 does not subject the property to tax if the fund-raising (~~(activities)~~)
19 events are consistent with the purposes for which the exemption is
20 granted or are conducted by a nonprofit organization. If the property
21 is loaned or rented to conduct a fund-raising event, the requirements
22 of (a) of this subsection (2) apply;

23 (c) An inadvertent use of the property in a manner inconsistent
24 with the purpose for which exemption is granted does not subject the
25 property to tax, if the inadvertent use is not part of a pattern of
26 use. A pattern of use is presumed when an inadvertent use is repeated
27 in the same assessment year or in two or more successive assessment
28 years.

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

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

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

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

4 (b) A governmental entity established under RCW 35.21.660,
5 35.21.670, or 35.21.730;

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

7 (d) A housing authority meeting the definition in RCW
8 35.82.210(2)(a); or

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

10 (6) The department must have access to its books in order to
11 determine whether the nonprofit organization, association, or
12 corporation is exempt from taxes under this chapter.

13 (7) This section does not apply to exemptions granted under RCW
14 84.36.020, 84.36.032, 84.36.250, (~~84.36.260,~~) and 84.36.480(2).

15 (8)(a) The use of property exempt under this chapter, other than as
16 specifically authorized by this chapter, nullifies the exemption
17 otherwise available for the property for the assessment year. However,
18 the exemption is not nullified by the use of the property by any
19 individual, group, or entity, where such use is not otherwise
20 authorized by this chapter, for not more than fifty days in each
21 calendar year, and the property is not used for pecuniary gain or to
22 promote business activities for more than fifteen of the fifty days in
23 each calendar year. The fifty and fifteen-day limitations provided in
24 this subsection (8)(a) do not include days during which setup and
25 takedown activities take place immediately preceding or following a
26 meeting or other event by an individual, group, or entity using the
27 property as provided in this subsection (8)(a).

28 (b) If uses of the exempt property exceed the fifty and fifteen-day
29 limitations provided in (a) of this subsection (8) during an assessment
30 year, the exemption is removed for the affected portion of the property
31 for that assessment year.

32 NEW SECTION. Sec. 14. Sections 1701 and 1702, chapter 13, Laws of
33 2013 2nd sp. sess. do not apply to this act.

34 NEW SECTION. Sec. 15. Sections 3 and 8 of this act take effect
35 December 31, 2020.

1 NEW SECTION. **Sec. 16.** Sections 2 and 7 of this act expire
2 December 31, 2020.

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