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**SENATE BILL 5380**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators Zeiger, Palumbo, and Mullet; by request of State Board for Community and Technical Colleges

AN ACT Relating to exempting property owned or used by community and technical colleges from property tax; amending RCW 84.36.050; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that community and technical colleges are vital educational resources to the state of Washington. For the state to continue to be competitive globally, all educational resources must be competitive and provide high-quality programs and services for students.

The legislature recognizes that community and technical colleges are important economic drivers and that the colleges support local communities, provide public benefit, and respond to community expectations by sharing facilities, offering programs, and attracting students. Further, the legislature encourages innovative programs and educational opportunities, sustainable practices, and increased use of facilities so that operations of the colleges can be more cost- effective.

The legislature seeks to remove barriers that discourage colleges from being more entrepreneurial, that make it more difficult to provide high-quality services and programs to their students, and that discourage appropriate and beneficial use of institutional facilities by the broader community. To this end, the legislature seeks to provide consistent, predictable, and easily administered rules for reference by the department of revenue and the community and technical colleges.

**Sec.**  RCW 84.36.050 and 2014 c 99 s 9 are each amended to read as follows:

The following property is exempt from taxation:

(1) Property owned or used by or for: (a) Any nonprofit school or college in this state for educational purposes or cultural or art educational programs as defined in RCW 82.04.4328; or (b) any community college or technical college district as described in RCW 28B.50.040. Real property so exempt may not exceed four hundred acres including, but not limited to, buildings and grounds designed for the educational, athletic, or social programs of the institution, the housing of students, religious faculty, and the chief administrator, athletic buildings, and all other school or college facilities, the need for which would be nonexistent but for the presence of the school or college. The property must be principally designed to further the educational, athletic, or social functions of the college or school. If the property is leased, the benefit of the exemption must inure to such school or college.

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

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

(a) The property is used by students, alumni, faculty, staff, or other persons or entities in a manner consistent with the educational, social, or athletic programs, including property used for related administrative and support functions, of the school or college and not for pecuniary gain or to promote business activities. Notwithstanding the foregoing, the school or college may contract with and permit the use of school or college property by persons or entities to provide school or college-related programs or services including, but not limited to, the provision of food services to students, faculty, and staff, the operation of a bookstore on campus, and the provision to the school or college of maintenance, operational, or administrative services without nullifying the exemption; or

(b) The property is used for pecuniary gain or to promote business activities as authorized by RCW 84.36.805, such uses to be measured separately with respect to each specific portion of such property. If exempt property is used as a sports or educational camp or program taught, operated, or conducted by a faculty member who is required or permitted to do so as part of his or her compensation package, the days when the property is so used will not be considered to be days when the property is used for nonexempt purposes.

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