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## Finance Committee

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### HB 1391

**Brief Description:** Concerning a property tax exemption for land owned by a nonprofit organization and designated as a master planned location for major industrial activity.

**Sponsors:** Representatives DeBolt and Orcutt.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Provides a property tax exemption for property owned by a nonprofit organization within an area designated as a master planned location for major industrial activity.</li></ul>
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**Hearing Date:** 1/24/17

**Staff:** Richelle Geiger (786-7139).

**Background:**

All property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. Nonprofit organizations are not generally exempt from taxes in Washington and are required to pay taxes in the same manner as other entities. Property tax exemptions are available to qualifying nonprofit organizations, including schools, churches, cemeteries, hospitals, social service agencies, character building organizations, nursing homes, homes for the aging, museums, and public meeting halls. Nonprofit organizations engaged in artistic performances for the general public can qualify for a property tax exemption on the property used for these purposes. Labor unions and fraternal organizations can qualify if their property is used exclusively for an activity exempt by law.

The industrial park at Transalta (IPAT), a 501(c)(3) organization, owns 1,000 acres of an industrial site in Lewis county that was formerly a surface coal mining operation. Coal mining operations ceased in 2006. In 2007 the Legislature authorized Lewis county to identify the site as a master planned location for purposes of promoting major industrial activity located outside of an urban growth area.

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*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.*

In 2013 the Legislature passed ESSB 5882, which requires tax preference legislation enacted, expanded, or extended after August 1, 2013, to include a tax performance statement. The performance statement must clearly specify the intent and public policy objective of the tax preference, and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax preference. ESSB 5882 also establishes an automatic 10-year expiration date for new tax preference if an alternative expiration date is not provided in the new tax preference legislation.

**Summary of Bill:**

All real property owned by a nonprofit that is within a master planned location for major industrial activity outside urban growth areas on land formerly used or designated for surface coal mining and supporting uses is exempt from property tax.

The tax preference performance statement provides that the intent of the bill is to improve industry competitiveness and create or retain jobs. The public policy objective is to provide a property tax exemption for land owned by a nonprofit organization that seeks to market and sell its land holdings for industrial development to fulfill a mission recognized in state law to redevelop land formerly used for coal mining activity. The tax preference is exempted from the requirement of a JLARC evaluation and an expiration date. The act applies to taxes levied for collection in 2018 and thereafter.

**Appropriation:** None.

**Fiscal Note:** Requested on January 20, 2017.

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