

# HOUSE BILL REPORT

## SHB 1526

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**As Passed House:**  
February 28, 2017

**Title:** An act relating to exempting multipurpose senior citizen centers from property taxation.

**Brief Description:** Exempting multipurpose senior citizen centers from property taxation.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Griffey, Kilduff, MacEwen, Muri, Dent, Hayes, Haler, Smith and Pollet).

**Brief History:**

**Committee Activity:**

Finance: 1/27/17, 2/23/17 [DPS].

**Floor Activity:**

Passed House: 2/28/17, 98-0.

**Brief Summary of Substitute Bill**

- Provides a property tax exemption for qualifying multipurpose nonprofit senior centers that currently do not qualify for tax relief.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Dolan, Pollet, Springer, Stokesbary, Wilcox and Wylie.

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

**Background:**

All real and personal property in this state 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 a variety of qualifying nonprofit organizations, including senior centers.

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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.*

On a limited basis, nonexempt activity is allowed on tax-exempt property for 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 no more than 50 days within a calendar year; and (4) in most cases, exempt property may be used for pecuniary gain, or to promote business activities, including farmers markets, 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.

### **Summary of Substitute Bill:**

Multipurpose nonprofit senior centers (senior center) are eligible for a property tax exemption, without a limit on the number of days the exempt property may be loaned or rented, if the rents and donations received for the use of the center is reasonable, and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented. The senior center may operate or host a thrift store, farmers market, or similar activity year-round without nullifying the exemption.

The use of an exempt senior center, other than as specifically described in the bill, nullifies the exemption for the assessment year.

The Joint Legislative Audit and Review Committee (JLARC) is directed to review the number of senior citizen centers that received tax relief from the tax preference under this bill that would not have qualified for a property tax exemption prior to the enactment of this bill. The exemption is subject to the automatic 10-year expiration date for new and expanded tax preferences.

**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) Most senior centers are operated by a county, state, or local government. These centers are exempt from property tax. Nonprofit senior centers provide the same services as government operated centers, but do not always get an exemption. Belfair Faith in Action raised money to build a senior center for seven years and was told the center would qualify for a property tax exemption. The senior center hosts a small farmer's market, and receives income from renting out the building. The senior center was determined to be ineligible for a

property tax exemption because they operated their retail activities for too many days per year.

Large cities support senior centers, and senior centers in rural communities have an unfair disadvantage. Small towns and rural communities frequently do not have programs to help fund senior services, and nonprofit centers in these areas have difficulty paying for minimal staff to provide services. This bill leverages a small amount of state revenue to provide a tremendous amount of services to seniors.

With the senior tsunami of aging baby boomers, it makes good fiscal sense to empower nonprofits willing to step up and take on some of the burdens of an aging population. Falls are very costly, and it is the major reason seniors need a nursing home or hospital care. The average cost for a fall injury is \$35,000, and the annual cost of a nursing home is \$91,000. Most long-term care is paid for by Medicaid and Medicare. Research shows senior centers benefit older adults with their health and wellness activities, lifelong learning, and socialization, which helps prevent Alzheimer's. The senior center in north Mason County is part of our community health program and support system.

(Opposed) None.

**Persons Testifying:** Representative Griffey, prime sponsor; Stephanie Roberts, Mason County Senior Activities Association; Patricia Kleist and Norma Bayes, Faith in Action; Eileen McKenzie-Sullivan, Washington Association of Senior Centers; and Jeanne Rehwaldt.

**Persons Signed In To Testify But Not Testifying:** None.