

FINAL BILL REPORT

SHB 1526

C 301 L 17
Synopsis as Enacted

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).

House Committee on Finance
Senate Committee on Ways & Means

Background:

All property in the state is subject to tax each year based on its highest and best, 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.

On a limited basis, nonexempt activity by nonprofit is allowed on tax-exempt property 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.

All tax preference legislation enacted, expanded, or extended (new tax preference legislation) after August 1, 2013, must include a tax preference statement. The performance statement must direct the Joint Legislative Audit and Review Committee (JLARC) to evaluate the performance of the tax preference in achieving its stated public policy objective. Additionally, all new tax preference legislation is subject to an automatic 10-year expiration

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.

date for the new tax preference if an alternative expiration date is not provided in the legislation.

Summary:

Multipurpose nonprofit senior centers (senior centers) 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 are 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, nullifies the exemption for the assessment year.

The JLARC is directed to review the number of senior centers that received tax relief from the tax preference that would not have previously qualified for a property tax exemption. The exemption is subject to the automatic 10-year expiration date for new and expanded tax preferences.

Votes on Final Passage:

House	98	0
Senate	49	0

Effective: July 23, 2017