
Finance Committee

SSB 5783

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

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Sheldon, Fain, Liias, Pearson and Becker).

<p style="text-align: center;">Brief Summary of Substitute Bill</p> <ul style="list-style-type: none">• Provides a property tax exemption for qualifying multipurpose nonprofit senior centers that currently do not qualify for tax relief.

Hearing Date: 3/17/17

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.

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.

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If these conditions are violated, the exemption is removed for the affected portion of property for that assessment year.

Summary of 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, given 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 in the bill, nullifies the exemption for the assessment year.

The bill is exempt from the tax preference performance statement and automatic 10-year expiration date provisions 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.