SENATE BILL REPORT
SB 6587

As of December 7, 2020

Title: An act relating to exempting statewide fairs from state property taxes.

Brief Description: Exempting statewide fairs from state property taxes.

Sponsors: Senator Zeiger.

Brief History:
Committee Activity: Ways & Means: 1/29/20.

Brief Summary of Bill

- Exempts large nonprofit fairs from state property taxes.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jeffrey Mitchell (786-7438)

Background: Property Taxes. 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. The tax bill is determined by multiplying the assessed value by the tax rate for each taxing district in which the property is located. The county treasurer mails a notice of tax due to taxpayers and collects the tax.

The real and personal property of a nonprofit fair association that sponsors or conducts a fair eligible to receive support from the fair fund is exempt from property taxation. The property must be used exclusively for fair purposes. Property that would not otherwise qualify may be exempt from taxation if the nonprofit fair association purchased or acquired the majority of such property between 1995 and 1998.

There is a statutory 1 percent limit on revenue growth for taxing districts. Under this

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revenue limit, the amount of revenue collected from regular—non-voter-approved—levies is restricted to a growth rate of 1 percent plus an additional adjustment for new construction occurring within the taxing district. The state levy is exempt from this requirement for taxes levied for collection in calendar years 2018 through 2021. Beginning in calendar year 2022, the 1 percent revenue limit is restored in its application to the state levy.

Requirements for New Tax Preferences. A tax preference is any exemption, exclusion, or deduction from the base of a state tax; a credit against a state tax; a deferral of a state tax; or a preferential state tax rate. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference, and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee to evaluate the efficacy of the tax preference. An automatic ten-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

Summary of Bill: The property of a nonprofit state fair foundation is exempt from state property taxes beginning in calendar year 2021. A "nonprofit state fair foundation" is defined as an organization that is tax exempt for federal income tax purposes and owns real and personal property in excess of $50 million. The property must be used exclusively for fair purposes to be eligible for the exemption. The loan or rental of the property to a private concessionaire or any person for use as a concession does not nullify the exemption as long as concession charges are subject to agreement, and any rental income is reasonable and devoted solely to maintenance and operation of the property.

State property tax rates may not be increased to offset the fiscal impact of the property tax exemption.

The bill is exempt from the requirements for new tax preferences.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.