
SUBSTITUTE HOUSE BILL 1967

State of Washington

67th Legislature

2022 Regular Session

By House Appropriations (originally sponsored by Representatives Steele, Riccelli, Berry, Lekanoff, Santos, and Duerr)

READ FIRST TIME 02/07/22.

1 AN ACT Relating to property tax exemptions for nonprofits;
2 amending RCW 84.36.020 and 84.36.037; and creating new sections.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 84.36.020 and 2014 c 99 s 3 are each amended to read
5 as follows:

6 The following real and personal property shall be exempt from
7 taxation:

8 (1) All lands, buildings, and personal property required for
9 necessary administration and maintenance, used, or to the extent
10 used, exclusively for public burying grounds or cemeteries without
11 discrimination as to race, color, national origin or ancestry;

12 (2)(a) All churches, personal property, and the ground, not
13 exceeding five acres in area, upon which a church of any nonprofit
14 recognized religious denomination is or must be built, together with
15 a parsonage, convent, and buildings and improvements required for the
16 maintenance and safeguarding of such property. The area exempted must
17 in any case include all ground covered by the church, parsonage,
18 convent, and buildings and improvements required for the maintenance
19 and safeguarding of such property and the structures and ground
20 necessary for street access, parking, light, and ventilation, but the
21 area of unoccupied ground exempted in such cases, in connection with

1 church, parsonage, convent, and buildings and improvements required
2 for the maintenance and safeguarding of such property, shall not
3 exceed the equivalent of one hundred twenty by one hundred twenty
4 feet except where additional unoccupied land may be required to
5 conform with state or local codes, zoning, or licensing requirements.
6 The parsonage and convent need not be on land contiguous to the
7 church property. Except as otherwise provided in this subsection, to
8 be exempt the property must be wholly used for church purposes.

9 (b) If the rental income or donations, if applicable, are
10 reasonable and do not exceed the maintenance and operation expenses
11 attributable to the portion of the property loaned or rented, the
12 exemption provided by this subsection (2) is not nullified by:

13 (i) The loan or rental of property otherwise exempt under this
14 subsection (2) to a nonprofit organization, association, or
15 corporation, or school to conduct an eleemosynary activity or
16 activities related to a farmers market. However, activities related
17 to a farmers market may not occur on the property more than 53 days
18 each assessment year. For the purposes of this section, "farmers
19 market" has the same meaning as "qualifying farmers market" as
20 defined in RCW 66.24.170;

21 (ii) The rental or use of the property by any individual, group,
22 or entity, where such rental or use is not otherwise authorized by
23 this subsection (2), for not more than fifty days in each calendar
24 year, and the property is not used for pecuniary gain or to promote
25 business activities for more than fifteen of the fifty days in each
26 calendar year. The fifty and fifteen-day limitations provided in this
27 subsection (2)(b)(ii) do not include days during which setup and
28 takedown activities take place immediately preceding or following a
29 meeting or other event by an individual, group, or entity using the
30 property as provided in this subsection (2)(b)(ii); or

31 (iii) An inadvertent use of the property in a manner inconsistent
32 with the purpose for which exemption is granted, if the inadvertent
33 use is not part of a pattern of use. A pattern of use is presumed
34 when an inadvertent use is repeated in the same assessment year or in
35 two or more successive assessment years.

36 **Sec. 2.** RCW 84.36.037 and 2014 c 99 s 8 are each amended to read
37 as follows:

38 (1) Real or personal property owned by a nonprofit organization,
39 association, or corporation in connection with the operation of a

1 public assembly hall or meeting place is exempt from taxation. The
2 area exempt under this section includes the building or buildings,
3 the land under the buildings, and an additional area necessary for
4 parking, not exceeding a total of one acre. When property for which
5 exemption is sought is essentially unimproved except for restroom
6 facilities and structures and this property has been used primarily
7 for annual community celebration events for at least ten years, the
8 exempt property shall not exceed twenty-nine acres.

9 (2) To qualify for this exemption the property must be used
10 exclusively for public gatherings and must be available to all
11 organizations or persons desiring to use the property, but the owner
12 may impose conditions and restrictions which are necessary for the
13 safekeeping of the property and promote the purposes of this
14 exemption. Membership shall not be a prerequisite for the use of the
15 property.

16 (3) The use of the property for pecuniary gain or for business
17 activities, except as provided in this section and RCW 84.36.805,
18 nullifies the exemption otherwise available for the property for the
19 assessment year. If all income received from rental or use of the
20 exempt property is used for capital improvements to the exempt
21 property, maintenance and operation of the exempt property, or exempt
22 purposes, the exemption is not nullified as provided by RCW 84.36.805
23 or by ~~((the))~~:

24 (a) The use of the property to conduct a qualifying farmers
25 market, as defined in RCW 66.24.170, for not more than 53 days each
26 assessment year, if the rental income or donations, if any, are
27 reasonable and do not exceed the maintenance and operation expenses
28 attributable to the portion of the property loaned or rented; or

29 (b) The use of the property, in a county with a population of
30 less than twenty thousand, to promote the following business
31 activities, if the rental income or donations, if any, are reasonable
32 and do not exceed the maintenance and operation expenses attributable
33 to the portion of the property loaned or rented: Dance lessons, art
34 classes, or music lessons.

35 (4) The department of revenue must narrowly construe this
36 exemption.

37 NEW SECTION. Sec. 3. This act applies to taxes levied for
38 collection in 2023 and thereafter.

1 NEW SECTION. **Sec. 4.** RCW 82.32.805 and 82.32.808 do not apply
2 to this act.

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