
SENATE BILL 5505

State of Washington

67th Legislature

2022 Regular Session

By Senators Rolfes, Warnick, Hasegawa, Lovelett, Lovick, Mullet, Pedersen, Van De Wege, Wagoner, and C. Wilson

Prefiled 12/07/21. Read first time 01/10/22. Referred to Committee on Agriculture, Water, Natural Resources & Parks.

1 AN ACT Relating to reinstating a property tax exemption for
2 property owned by certain nonprofit organizations where a portion of
3 the property is used for the purpose of a farmers market; amending
4 RCW 84.36.020 and 84.36.805; and creating new sections.

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

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

8 The following real and personal property shall be exempt from
9 taxation:

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

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

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

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

15 (i) The loan or rental of property otherwise exempt under this
16 subsection (2) to a nonprofit organization, association, or
17 corporation, or school to conduct an eleemosynary activity;

18 (ii) The rental or use of the property by any individual, group,
19 or entity, where such rental or use is not otherwise authorized by
20 this subsection (2), for not more than fifty days in each calendar
21 year, and the property is not used for pecuniary gain or to promote
22 business activities for more than fifteen of the fifty days in each
23 calendar year. The fifty and fifteen-day limitations provided in this
24 subsection (2)(b)(ii) do not include days during which setup and
25 takedown activities take place immediately preceding or following a
26 meeting or other event by an individual, group, or entity using the
27 property as provided in this subsection (2)(b)(ii). The 15-day and
28 50-day limitations provided in this subsection (2)(b)(ii) do not
29 apply to the use of the property for pecuniary gain or for business
30 activities if the property is used for activities related to a
31 qualifying farmers market, as defined in RCW 66.24.170, and all
32 income received from rental or use of the exempt property is used for
33 capital improvements to the exempt property, maintenance and
34 operation of the exempt property, or exempt purposes. The exempt
35 property may be used for up to 53 days for the purposes of a
36 qualifying farmers market; or

37 (iii) An inadvertent use of the property in a manner inconsistent
38 with the purpose for which exemption is granted, if the inadvertent
39 use is not part of a pattern of use. A pattern of use is presumed

1 when an inadvertent use is repeated in the same assessment year or in
2 two or more successive assessment years.

3 **Sec. 2.** RCW 84.36.805 and 2016 c 217 s 3 are each amended to
4 read as follows:

5 (1) In order to qualify for an exemption under this chapter, the
6 nonprofit organizations, associations, or corporations must satisfy
7 the conditions in this section.

8 (2) The property must be used exclusively for the actual
9 operation of the activity for which exemption is granted, unless
10 otherwise provided, and does not exceed an amount reasonably
11 necessary for that purpose. Notwithstanding anything to the contrary
12 in this section:

13 (a) The loan or rental of the property does not subject the
14 property to tax if:

15 (i) The rents and donations received for the use of the portion
16 of the property are reasonable and do not exceed the maintenance and
17 operation expenses attributable to the portion of the property loaned
18 or rented; and

19 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
20 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt
21 from tax if owned by the organization to which it is loaned or
22 rented;

23 (b) The use of the property for fund-raising events does not
24 subject the property to tax if the fund-raising events are consistent
25 with the purposes for which the exemption is granted or are conducted
26 by a nonprofit organization. If the property is loaned or rented to
27 conduct a fund-raising event, the requirements of (a) of this
28 subsection (2) apply;

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

35 (3) The facilities and services must be available to all
36 regardless of race, color, national origin or ancestry.

37 (4) The organization, association, or corporation must be duly
38 licensed or certified where such licensing or certification is
39 required by law or regulation.

1 (5) Property sold to organizations, associations, or corporations
2 with an option to be repurchased by the seller does not qualify for
3 exempt status. This subsection does not apply to property sold to a
4 nonprofit entity, as defined in RCW 84.36.560(7), by:

5 (a) A nonprofit as defined in RCW 84.36.800 that is exempt from
6 income tax under 26 U.S.C. Sec. 501(c) of the federal internal
7 revenue code;

8 (b) A governmental entity established under RCW 35.21.660,
9 35.21.670, or 35.21.730;

10 (c) A housing authority created under RCW 35.82.030;

11 (d) A housing authority meeting the definition in RCW
12 35.82.210(2)(a); or

13 (e) A housing authority established under RCW 35.82.300.

14 (6) The department must have access to its books in order to
15 determine whether the nonprofit organization, association, or
16 corporation is exempt from taxes under this chapter.

17 (7) This section does not apply to exemptions granted under RCW
18 84.36.020, 84.36.032, 84.36.250, 84.36.049, and 84.36.480(2).

19 (8)(a) The use of property exempt under this chapter, other than
20 as specifically authorized by this chapter, nullifies the exemption
21 otherwise available for the property for the assessment year.
22 However, the exemption is not nullified by the use of the property by
23 any individual, group, or entity, where such use is not otherwise
24 authorized by this chapter, for not more than fifty days in each
25 calendar year, and the property is not used for pecuniary gain or to
26 promote business activities for more than fifteen of the fifty days
27 in each calendar year. The fifty and fifteen-day limitations provided
28 in this subsection (8)(a) do not include days during which setup and
29 takedown activities take place immediately preceding or following a
30 meeting or other event by an individual, group, or entity using the
31 property as provided in this subsection (8)(a).

32 (b) If uses of the exempt property exceed the fifty and fifteen-
33 day limitations provided in (a) of this subsection (8) during an
34 assessment year, the exemption is removed for the affected portion of
35 the property for that assessment year.

36 (c) The 15-day and 50-day limitations provided in (a) of this
37 subsection (8) do not apply to property exempt under RCW 84.36.037 if
38 the property is used for activities related to a qualifying farmers
39 market, as defined in RCW 66.24.170, and all income received from
40 rental or use of the exempt property is used for capital improvements

1 to the exempt property, maintenance and operation of the exempt
2 property, or exempt purposes. Exempt property under RCW 84.36.037 may
3 be used for up to 53 days for the purposes of a qualifying farmers
4 market.

5 NEW SECTION. **Sec. 3.** This act applies both retroactively and
6 prospectively to taxes levied for collection in 2021 and thereafter.

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

--- END ---