

SENATE BILL REPORT

SB 5252

As of January 27, 2025

Title: An act relating to removing the acreage limit on the property tax exemption for nonprofit public assembly halls and meeting places.

Brief Description: Removing the acreage limit on the property tax exemption for nonprofit public assembly halls and meeting places.

Sponsors: Senators Shewmake, Chapman and Nobles.

Brief History:

Committee Activity: Ways & Means: 1/28/25.

Brief Summary of Bill

- Removes the acreage limit on the property exemption for nonprofit assembly halls and meeting places.
- Eliminates the property tax exemption for nonprofit community celebration facilities.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tianyi Lan (786-7432)

Background: Property Tax Exemptions for Nonprofits. All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. Nonprofit organizations, though exempt from federal taxes, are not generally exempt from property taxes in Washington. Typically, organizations must exclusively use their property to conduct an activity specifically exempted by the Legislature to qualify. Schools, churches, cemeteries, hospitals, social service agencies, character building organizations, nursing homes, homes for the aging, museums, performing arts facilities, and public meeting halls are examples of organizations that may receive a

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property tax exemption.

Nonprofit Organizations with a Public Assembly Hall or Community Celebration Facility.

Real and personal property owned by a nonprofit organization, association, or corporation in connection with the operation of a public assembly hall or meeting place is exempt from taxation, including the building or buildings, the land under the buildings, and an additional area necessary for parking. A public assembly hall may be exempt up to one acre.

Property owned by a nonprofit organization and used as a community celebration facility is exempt from property tax if the property is essentially unimproved, used primarily as a community celebration facility for at least ten years, and does not exceed 29 acres.

To maintain the public assembly hall and community celebration facility exemptions, the property must be used exclusively for public gatherings and be available to all desiring to use it. The property may be used for prescribed and limited instances of pecuniary or non-exempt purposes, including use as a farmers market for up to 53 days per year. Organizations providing dance lessons, art classes, or music lessons may also use the property if the property is in a county with a population of less than 20,000. Rents from non-exempt activities must be applied to capital improvements or maintenance, and operation expenses or applied to exempt purposes of the nonprofit when used as a farmers market.

Tax Preference Performance Statement. State law provides a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Legislation that establishes or expands a tax preference must include a tax preference performance statement that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided or the tax preference is exempted from expiration.

Summary of Bill: The bill removes the acreage limit on the property tax exemption for nonprofit assembly halls and meeting places.

This bill also repeals the exemption for community celebration facilities.

The expanded exemption is not subject to the automatic ten-year expiration date or JLARC review.

Appropriation: None.

Fiscal Note: Requested on January 14, 2025.

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

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