
HOUSE BILL 1324

State of Washington**53rd Legislature****1993 Regular Session**

By Representatives Cothorn, Wood, G. Cole, Horn, Wang, Brumsickle, Ogden, Miller, Leonard, Brough, J. Kohl, Ludwig, Dellwo, Kremen, Basich, Jones, Chappell, Shin, Johanson, Rayburn and Mielke

Read first time 01/22/93. Referred to Committee on Revenue.

1 AN ACT Relating to property tax exemptions for organizations
2 distributing funds for character-building, benevolent, protective, or
3 rehabilitative social services directed at persons of all ages;
4 amending RCW 84.36.800 and 84.36.810; reenacting and amending RCW
5 84.36.805; adding a new section to chapter 84.36 RCW; and creating a
6 new section.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
9 to read as follows:

10 The real and personal property owned by nonprofit organizations and
11 used for solicitation or collection of gifts, donations, or grants is
12 exempt from taxation if the organization meets all of the following
13 conditions:

14 (1) The organization is organized and conducted for nonsectarian
15 purposes.

16 (2) The organization is affiliated with a state or national
17 organization that authorizes, approves, or sanctions volunteer
18 charitable fund-raising organizations.

1 (3) The organization is qualified for exemption under section
2 501(c)(3) of the federal internal revenue code.

3 (4) The organization is governed by a volunteer board of directors.

4 (5) The gifts, donations, and grants are used by the organization
5 for character-building, benevolent, protective, or rehabilitative
6 social services directed at persons of all ages, or for distribution
7 under subsection (6) of this section.

8 (6) The organization distributes gifts, donations, or grants to at
9 least five other nonprofit organizations or associations that are
10 organized and conducted for nonsectarian purposes and provide
11 character-building, benevolent, protective, or rehabilitative social
12 services directed at persons of all ages.

13 **Sec. 2.** RCW 84.36.800 and 1989 c 379 s 3 are each amended to read
14 as follows:

15 As used in RCW 84.36.020, 84.36.030, section 1 of this act,
16 84.36.037, 84.36.040, 84.36.041, 84.36.050, 84.36.060, and 84.36.800
17 through 84.36.865:

18 (1) "Church purposes" means the use of real and personal property
19 owned by a nonprofit religious organization for religious worship or
20 related administrative, educational, eleemosynary, and social
21 activities. This definition is to be broadly construed;

22 (2) "Convent" means a house or set of buildings occupied by a
23 community of clergymen or nuns devoted to religious life under a
24 superior;

25 (3) "Hospital" means any portion of a hospital building, or other
26 buildings in connection therewith, used as a residence for persons
27 engaged or employed in the operation of a hospital, or operated as a
28 portion of the hospital unit;

29 (4) "Nonprofit" means an organization, association or corporation
30 no part of the income of which is paid directly or indirectly to its
31 members, stockholders, officers, directors or trustees except in the
32 form of services rendered by the organization, association, or
33 corporation in accordance with its purposes and bylaws and the salary
34 or compensation paid to officers of such organization, association or
35 corporation is for actual services rendered and compares to the salary
36 or compensation of like positions within the public services of the
37 state;

1 (5) "Parsonage" means a residence occupied by a clergyman who is
2 designated for a particular congregation and who holds regular services
3 therefor.

4 **Sec. 3.** RCW 84.36.805 and 1990 c 283 ss 3 and 7 are each reenacted
5 and amended to read as follows:

6 In order to be exempt pursuant to RCW 84.36.030, section 1 of this
7 act, 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
8 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480, the
9 nonprofit organizations, associations or corporations shall satisfy the
10 following conditions:

11 (1) The property is used exclusively for the actual operation of
12 the activity for which exemption is granted, unless otherwise provided,
13 and does not exceed an amount reasonably necessary for that purpose,
14 except:

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

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

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

24 (b) The use of the property for fund-raising activities does not
25 subject the property to tax if the fund-raising activities are
26 consistent with the purposes for which the exemption is granted;

27 (2) The property is irrevocably dedicated to the purpose for which
28 exemption has been granted, and on the liquidation, dissolution, or
29 abandonment by said organization, association, or corporation, said
30 property will not inure directly or indirectly to the benefit of any
31 shareholder or individual, except a nonprofit organization,
32 association, or corporation which too would be entitled to property tax
33 exemption: PROVIDED, That the property need not be irrevocably
34 dedicated if it is leased or rented to those qualified for exemption
35 pursuant to RCW 84.36.040, 84.36.041, or 84.36.043 or those qualified
36 for exemption as an association engaged in the production or
37 performance of musical, dance, artistic, dramatic, or literary works
38 pursuant to RCW 84.36.060, but only if under the terms of the lease or

1 rental agreement the nonprofit organization, association, or
2 corporation receives the benefit of the exemption;

3 (3) The facilities and services are available to all regardless of
4 race, color, national origin or ancestry;

5 (4) The organization, association, or corporation is duly licensed
6 or certified where such licensing or certification is required by law
7 or regulation;

8 (5) Property sold to organizations, associations, or corporations
9 with an option to be repurchased by the seller shall not qualify for
10 exempt status;

11 (6) The director of the department of revenue shall have access to
12 its books in order to determine whether such organization, association,
13 or corporation is exempt from taxes within the intent of RCW 84.36.030,
14 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
15 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480.

16 **Sec. 4.** RCW 84.36.810 and 1990 c 283 s 4 are each amended to read
17 as follows:

18 (1) Upon cessation of a use under which an exemption has been
19 granted pursuant to RCW 84.36.030, section 1 of this act, 84.36.037,
20 84.36.040, 84.36.041, 84.36.043, 84.36.050, and 84.36.060, the county
21 treasurer shall collect all taxes which would have been paid had the
22 property not been exempt during the three years preceding, or the life
23 of such exemption, if such be less, together with the interest at the
24 same rate and computed in the same way as that upon delinquent property
25 taxes: PROVIDED, That where the property has been granted an exemption
26 for more than ten years, taxes and interest shall not be assessed under
27 this section.

28 (2) Subsection (1) of this section applies only when ownership of
29 the property is transferred or when fifty-one percent or more of the
30 area of the property has lost its exempt status. The additional tax
31 under subsection (1) of this section shall not be imposed if the
32 cessation of use resulted solely from:

33 (a) Transfer to a nonprofit organization, association, or
34 corporation for a use which also qualifies and is granted exemption
35 under the provisions of chapter 84.36 RCW;

36 (b) A taking through the exercise of the power of eminent domain,
37 or sale or transfer to an entity having the power of eminent domain in
38 anticipation of the exercise of such power;

1 (c) Official action by an agency of the state of Washington or by
2 the county or city within which the property is located which disallows
3 the present use of such property;

4 (d) A natural disaster such as a flood, windstorm, earthquake, or
5 other such calamity rather than by virtue of the act of the
6 organization, association, or corporation changing the use of such
7 property;

8 (e) Relocation of the activity and use of another location or site
9 except for undeveloped properties of camp facilities exempted under RCW
10 84.36.030;

11 (f) Cancellation of a lease on property that had been exempt under
12 RCW 84.36.040, 84.36.041, 84.36.043, or 84.36.060;

13 (g) A change in the exempt portion of a home for the aging under
14 RCW 84.36.041(2), as long as some portion of the home remains exempt;

15 (h) The conversion of a full exemption of a home for the aging to
16 a partial exemption or taxable status under RCW 84.36.041(7).

17 NEW SECTION. **Sec. 5.** This act shall be effective for taxes levied
18 for collection in 1994 and thereafter.

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