
SUBSTITUTE SENATE BILL 5756

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on International Trade & Economic Development
(originally sponsored by Senators Sheldon, Shin and Rasmussen)

READ FIRST TIME 03/02/05.

1 AN ACT Relating to property tax exemptions for organizations that
2 assist in the creation and expansion of businesses; amending RCW
3 84.36.810; adding a new section to chapter 84.36 RCW; and creating new
4 sections.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that nonprofit
7 organizations and associations engaged in the education, training, and
8 employment of economically disadvantaged people who are involved in the
9 creation and expansion of businesses with marketable products and
10 services in a physical location provide many public benefits to the
11 people of the state of Washington. Therefore, the legislature finds
12 that it is in the best interest of the state of Washington to provide
13 a limited property tax exemption for the use of these facilities by
14 certain organizations in order to be self-sustaining for their exempt
15 purposes.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
17 to read as follows:

18 (1) The real and personal property owned or used by a nonprofit

1 organization is exempt from taxation if the property is used to: (a)
2 Assist startup and expanding businesses by providing education,
3 training, and employment of economically disadvantaged people; or (b)
4 provide shared use of equipment and work areas and daily technical
5 resources that enable entrepreneurs to transform private activities
6 into successful businesses.

7 (2) The organization or association must meet all of the additional
8 following conditions:

9 (a) The organization is organized and conducted for nonsectarian
10 purposes.

11 (b) The organization is qualified for exemption under section
12 501(c)(3) or 501(c)(6) of the federal internal revenue code.

13 (c) The organization is governed by a volunteer board of directors
14 of at least five members.

15 **Sec. 3.** RCW 84.36.810 and 2003 c 344 s 2 are each amended to read
16 as follows:

17 (1)(a) Upon cessation of a use under which an exemption has been
18 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,
19 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550,
20 84.36.650, 84.36.560, (~~and~~) 84.36.570, and section 2 of this act,
21 except as provided in (b) of this subsection, the county treasurer
22 shall collect all taxes which would have been paid had the property not
23 been exempt during the three years preceding, or the life of such
24 exemption, if such be less, together with the interest at the same rate
25 and computed in the same way as that upon delinquent property taxes.
26 If the property has been granted an exemption for more than ten
27 consecutive years, taxes and interest shall not be assessed under this
28 section.

29 (b) Upon cessation of use by an institution of higher education of
30 property exempt under RCW 84.36.050(2) the county treasurer shall
31 collect all taxes which would have been paid had the property not been
32 exempt during the seven years preceding, or the life of the exemption,
33 whichever is less.

34 (2) Subsection (1) of this section applies only when ownership of
35 the property is transferred or when fifty-one percent or more of the
36 area of the property loses its exempt status. The additional tax under

1 subsection (1) of this section shall not be imposed if the cessation of
2 use resulted solely from:

3 (a) Transfer to a nonprofit organization, association, or
4 corporation for a use which also qualifies and is granted exemption
5 under this chapter;

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

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

12 (d) A natural disaster such as a flood, windstorm, earthquake, or
13 other such calamity rather than by virtue of the act of the
14 organization, association, or corporation changing the use of such
15 property;

16 (e) Relocation of the activity and use of another location or site
17 except for undeveloped properties of camp facilities exempted under RCW
18 84.36.030;

19 (f) Cancellation of a lease on leased property that had been exempt
20 under this chapter; or

21 (g) A change in the exempt portion of a home for the aging under
22 RCW 84.36.041(3), as long as some portion of the home remains exempt.

23 (3) Subsections (2)(e) and (f) of this section do not apply to
24 property leased to a state institution of higher education and exempt
25 under RCW 84.36.050(2).

26 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
27 collection in 2006 and thereafter.

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