
SUBSTITUTE SENATE BILL 5989

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Economic Development, Trade & Management
(originally sponsored by Senators Kastama and Rasmussen)

READ FIRST TIME 02/23/07.

1 AN ACT Relating to property tax exemptions for nonprofit
2 organizations using property for purposes related to small startup
3 businesses; amending RCW 84.36.810; adding a new section to chapter
4 84.36 RCW; and creating a new section.

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

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

8 (1) The real and personal property owned and used by a nonprofit
9 organization is exempt from taxation if the property is used
10 exclusively to provide technical assistance and rental space to small
11 startup businesses. The organization must be qualified for exemption
12 under 26 U.S.C. Sec. 501(c)(3) or 501(c)(6) of the federal internal
13 revenue code as amended on January 1, 2007.

14 (2) In order to maintain eligibility to receive the exemption under
15 this section, a nonprofit organization that otherwise meets the
16 requirements in subsection (1) of this section must: (a) Apply for the
17 Washington state quality award within two years after first receiving
18 the exemption in this section; and (b) reapply for the Washington state

1 quality award at least once every three years after the initial
2 application for the award program.

3 **Sec. 2.** RCW 84.36.810 and 2006 c 305 s 4 are each amended to read
4 as follows:

5 (1)(a) Upon cessation of a use under which an exemption has been
6 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,
7 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550,
8 84.36.560, 84.36.570, (~~and~~) 84.36.650, and section 1 of this act,
9 except as provided in (b) of this subsection, the county treasurer
10 shall collect all taxes which would have been paid had the property not
11 been exempt during the three years preceding, or the life of such
12 exemption, if such be less, together with the interest at the same rate
13 and computed in the same way as that upon delinquent property taxes.
14 If the property has been granted an exemption for more than ten
15 consecutive years, taxes and interest shall not be assessed under this
16 section.

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

22 (2) Subsection (1) of this section applies only when ownership of
23 the property is transferred or when fifty-one percent or more of the
24 area of the property loses its exempt status. The additional tax under
25 subsection (1) of this section shall not be imposed if the cessation of
26 use resulted solely from:

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

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

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

36 (d) A natural disaster such as a flood, windstorm, earthquake, or

1 other such calamity rather than by virtue of the act of the
2 organization, association, or corporation changing the use of such
3 property;

4 (e) Relocation of the activity and use of another location or site
5 except for undeveloped properties of camp facilities exempted under RCW
6 84.36.030;

7 (f) Cancellation of a lease on leased property that had been exempt
8 under this chapter;

9 (g) A change in the exempt portion of a home for the aging under
10 RCW 84.36.041(3), as long as some portion of the home remains exempt;
11 or

12 (h) Transfer to an agency of the state of Washington or the city or
13 county within which the property is located.

14 (3) Subsection (2)(e) and (f) of this section (~~do~~does) does
15 not apply to property leased to a state institution of higher education
16 and exempt under RCW 84.36.050(2).

17 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
18 collection in 2008 and thereafter.

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