

SENATE BILL REPORT

SHB 2439

As of February 18, 2010

Title: An act relating to exempting church property used by a nonprofit organization conducting activities related to a farmers market from property taxation.

Brief Description: Exempting church property used by a nonprofit organization conducting activities related to a farmers market from property taxation.

Sponsors: House Committee on Finance (originally sponsored by Representatives Short, Ericks, Crouse, Orcutt, Johnson, Taylor, Ormsby, Angel, Chandler, Shea, Kretz, Chase, Williams, McCune, Smith and Bailey).

Brief History: Passed House: 2/12/10, 97-0.

Committee Activity: Agriculture & Rural Economic Development: 2/22/10.

SENATE COMMITTEE ON AGRICULTURE & RURAL ECONOMIC DEVELOPMENT

Staff: Sam Thompson (786-7413)

Background: All property in Washington is subject to property taxation unless specifically exempt. Exemptions are narrowly construed.

Churches and certain related structures, personal property, and church grounds up to five acres are exempt from property taxes. Loan or rental to a nonprofit entity or school for eleemosynary activity (charitable activity serving some social objective or advancing general welfare) does not nullify the exemption if rental income is reasonable and devoted solely to operation and maintenance of the property. However, if a portion of the exempt property is used for commercial rather than church purposes, that portion must be segregated and taxed.

It is suggested that the exemption should not be nullified by use by farmers markets.

Summary of Bill: Church property loaned or rented to a nonprofit organization for use by a qualifying farmers market is exempt from property taxation. However, use for this purpose may not occur more than 53 days each assessment year. Rental income must be reasonable and devoted solely to operation and maintenance of the property.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A qualifying farmers market is an entity that sponsors a regular assembly of vendors at a defined location for promoting sale of agricultural products grown or produced in Washington directly to the consumer and:

- at least five vendors are farmers selling their own agricultural products;
- total gross annual sales of farmer vendors exceeds total gross annual sales of processor or reseller vendors;
- total gross annual sales of farmer, processor, or reseller vendors exceeds total gross annual sales of other vendors;
- sale of imported items and secondhand items is prohibited; and
- no vendor is a franchisee.

The bill applies to taxes levied for collection in 2011 through 2020. The property tax exemption expires December 31, 2020.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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