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SENATE BILL 6388

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State of Washington                      61st Legislature                      2010 Regular Session

By Senators Regala, Delvin, Kline, Kastama, Shin, and McAuliffe

Read first time 01/13/10.            Referred to Committee on Economic  
Development, Trade & Innovation.

1            AN ACT Relating to providing a property tax exemption for property  
2 held under lease, sublease, or lease-purchase by a nonprofit  
3 organization that provides job training, placement, or preemployment  
4 services; adding a new section to chapter 84.36 RCW; and providing an  
5 effective date.

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

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

9            (1) Real property of a taxable owner held under lease, sublease, or  
10 lease-purchase agreement by a nonprofit organization is exempt from  
11 taxation if:

12            (a) The property is used in a manner that otherwise qualifies for  
13 an exemption from taxation under this chapter by a nonprofit  
14 organization lessee or a nonprofit organization's sublessee; and

15            (b) It is expressly agreed within the lease, sublease, or lease-  
16 purchase agreement that the nonprofit organization lessee or sublessee  
17 is required to pay any property taxes for the leased or subleased  
18 property.

1 (2) The nonprofit organization lessee or the nonprofit  
2 organization's sublessee must file a claim for exemption under this  
3 section, in the form and manner determined by the department, which  
4 must include:

5 (a) A complete description of the property for which an exemption  
6 is claimed under this section;

7 (b) All facts relating to the use of the property by the lessee or  
8 sublessee;

9 (c) A true copy of the lease, sublease, or lease-purchase agreement  
10 covering the property for which exemption is claimed under this  
11 section; and

12 (d) Any other information required by the department to determine  
13 eligibility for the exemption under this section.

14 (3)(a) A claim for exemption under this section must be filed on or  
15 before April 1st, unless the lease, sublease, or lease-purchase  
16 agreement is entered into after March 1st, but not later than June  
17 30th, then the claim must be filed within thirty days after the date  
18 the lease, sublease, or lease-purchase agreement is entered into, if  
19 the exemption is claimed for that year.

20 (b)(i) The exemption applies for the tax year beginning July 1st of  
21 the year for which the claim is filed.

22 (ii) The exemption continues as long as the use of the property  
23 remains unchanged during the period of the lease, sublease, or lease-  
24 purchase agreement. If the property use changes, the nonprofit  
25 organization lessee must file a new claim with the department. If the  
26 use changes due to sublease of the property or any portion of the  
27 property, from a nonprofit organization lessee to another nonprofit  
28 organization, the nonprofit organization's sublessee must file a new  
29 claim.

30 (iii) If the lease, sublease, or lease-purchase agreement expires  
31 before July 1st of any year, the exemption under this section expires  
32 as of January 1st of the same calendar year.

33 (4) For the purposes of this section, "nonprofit organization"  
34 means an organization that:

35 (a) Is exempt from federal income taxation under 26 U.S.C. Sec.  
36 501(c)(3) of the federal internal revenue code; and

37 (b) Has a primary activity of providing job training, placement, or

1 preemployment services.

2 NEW SECTION. **Sec. 2.** This act takes effect January 1, 2011.

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