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**Ways & Means Committee**

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**HB 1042**

**Brief Description:** Providing a property tax exemption for property held under lease, sublease, or lease-purchase by a nonprofit organization that provides job training, placement, or preemployment services.

**Sponsors:** Representatives Seaquist, Walsh, Kirby, Appleton, Miloscia, Blake and Goodman.

**Brief Summary of Bill**

- Exempts certain leased property used by nonprofit organizations providing job training, placement, or preemployment services from property tax.

**Hearing Date:** 2/1/11

**Staff:** Jeff Olsen (786-7175).

**Background:**

Property taxes apply to the assessed value of all taxable property unless specifically exempted. Several property tax exemptions exist for property owned by qualifying non-profit organizations including churches, youth character building organizations, benevolent and charitable organizations, veteran's organizations, and thrift stores that sell only donated merchandise. In addition to property that is owned, in certain cases property that is used by a qualifying non-profit organization also qualifies for a property tax exemption. For example, property used by nonprofit homes for the aging, nonprofit child care centers, and nonprofit cancer clinics is exempt under certain circumstances.

To receive a property tax exemption, a qualifying organization must file an application with the Department of Revenue (Department) by March 31. The Department reviews applications and forwards a list of exempt property to each county assessor by August 31.

**Summary of Bill:**

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*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.*

Property leased by a nonprofit organization and primarily used for providing job training, placement, or preemployment services is eligible for a property tax exemption. The property must be leased by a nonprofit organization or a nonprofit organization's sublessee. The nonprofit organization must also be exempt from federal income taxation under 26 U.S.C. Sec. 501(c)(3) of the federal Internal Revenue Code. Also, the lease, sublease, or lease purchase agreement must expressly require the organization or association which is lessee or sublessee to pay any property taxes for the leased or subleased property.

To qualify for an exemption, the nonprofit organization must file a claim to the Department of Revenue no later than June 30 of the year in which the organization seeks to initially claim the exemption. The exemption applies for the tax year beginning July 1 of the year for which the claim is filed. The exemption continues as long as the use of the property remains unchanged during the period of the lease. If the use changes, the nonprofit organization must file a new claim with the Department.

**Appropriation:** None.

**Fiscal Note:** Requested on January 25, 2011.

**Effective Date:** The bill takes effect on January 1, 2012.