

HOUSE BILL REPORT

SB 5452

As Reported By House Committee On:

Finance

Title: An act relating to the property taxation of nonprofit cancer clinics.

Brief Description: Exempting nonprofit cancer centers from property tax.

Sponsors: Senators Hale, Loveland, West, Winsley, Rasmussen and Oke.

Brief History:

Committee Activity:

Finance: 4/1/97, 4/7/97 [DP].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 14 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Conway; Kastama; Morris; Pennington; Schoesler; Thompson and Van Luven.

Staff: Linda Brooks (786-7153).

Background: All property in this state is subject to the property tax each year based on the property's value unless a specific exemption is provided by law.

Several property tax exemptions exist for nonprofit organizations. Some exemptions apply only to property owned by a nonprofit organization, and other exemptions apply to property either owned or leased by a nonprofit. Examples of some nonprofit property tax exemptions are depicted in the following table:

PROPERTY TAX EXEMPTIONS FOR NONPROFIT ORGANIZATIONS

Exempt on Owned Property Only

Exempt on Owned or Leased Property

- | | |
|---|-------------------------|
| · Character Building, Benevolent, Protective or Rehabilitative Social Service Organizations | · Free Public Libraries |
| · Churches and Church Camps | · Orphanages |
| · Youth Character Building Organizations | · Nursing Homes |
| · War Veterans' Organizations | · Hospitals |

- Water Distribution Property
- Nonprofit Nature Conservancy Organization
- Public Assembly Halls
- Medical Research or Training facilities
- Art, Scientific, or Historical Collections or Facilities
- Sheltered Workshops
- Fair Associations
- Humane Societies
- Homes for the Aging
 - Schools and Colleges
- Day Care Centers
- Radio/TV Rebroadcast Facilities
- Performing Arts Property
- Homeless Shelters
- Outpatient Dialysis Facilities
- Blood Banks

Summary of Bill: All real or personal property owned or leased by a nonprofit organization in connection with a nonprofit cancer clinic is exempt from property tax. To receive an exemption, the following conditions must be met:

- 1) the clinic must be comprised of or have been formed by an organization qualified for exemption under section 501(c)(3) of the federal Internal Revenue Code, by a municipal hospital corporation, or by both;
- 2) the clinic must be operated by an organization qualified for exemption under section 501(c)(3) of the federal Internal Revenue Code;
- 3) the property must be primarily used for prevention, detection, and treatment of cancer; and
- 4) if the property is leased, the nonprofit organization must receive the benefit of the exemption (instead of the property owner).

This property tax exemption applies not only to the medical facilities but also to administrative offices located within a clinic that are used exclusively in conjunction with the cancer treatment services provided.

This property tax exemption applies to taxes levied in 1998 or thereafter.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill benefits a small cancer clinic in the Tri-Cities. The clinic could have qualified for a property tax exemption as a nonprofit hospital except for the fact that patients do not stay overnight. To make it clear that the clinic qualifies for a property tax exemption, a legislative solution is being sought.

Testimony Against: None.

Testified: Senator Hale, prime sponsor.