

SB 6311

Bill Analysis

February 25, 1998

Brief Description: Exempting assembly halls or meeting places used for the promotion of specific educational purposes from property taxation.

Bill Sponsors: Senators Snyder, Prince, Rasmussen and Goings.

Staff: Linda Brooks, 786-7153.

Background: All real and personal property in this state is subject to property tax each year, based on its value, unless a specific exemption is provided by law.

A property tax exemption exists for assembly halls or public meeting places owned by a nonprofit. This exemption is restricted to the buildings, the land under the buildings, and up to one acre of parking area. To qualify for an assembly hall exemption, the property must be used for public gatherings and be available to all organizations or persons desiring to use the property.

The property may be used for a nonprofit organization's fund-raising activities, but the use of the property is restricted to periods of not more than seven days per year for activities involving personal financial gain or the promotion of business activities.

Nonetheless, if an assembly hall or meeting place is inadvertently used for an activity inconsistent with the property's tax exempt status, the property does not automatically lose its exempt status. Only inadvertent use that is repeated in the same assessment year or in successive assessment years represents a pattern of use that disqualifies the property for the tax exemption.

Summary of Bill: A nonprofit assembly hall or meeting place located in a rural county with less than 10,000 residents may be used for the following business activities without affecting its tax-exempt status: dance, art, or music classes. There is no limitation on the number of days per year that an assembly hall may be used for such classes.

Appropriation: None.

Fiscal Note: Available.

House of Representatives
Office of Program Research
Finance Committee

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