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HOUSE BILL 1756

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State of Washington

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1997 Regular Session

By Representatives Delvin, Koster, Mitchell, Robertson, McMorris, Sheahan, Zellinsky, Smith, Van Luven, Thompson, O'Brien and Dunn

Read first time 02/07/97. Referred to Committee on Finance.

1 AN ACT Relating to the property taxation of nonprofit cancer  
2 clinics; amending RCW 84.36.800, 84.36.805, and 84.36.810; adding a new  
3 section to chapter 84.36 RCW; and creating a new section.

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

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

7 (1) All real or personal property owned or used by a nonprofit  
8 organization, corporation, or association in connection with a  
9 nonprofit cancer clinic or center shall be exempt from taxation if all  
10 of the following conditions are met:

11 (a) The nonprofit cancer clinic or center must be comprised of or  
12 have been formed by an organization, corporation, or association  
13 qualified for exemption under section 501(c)(3) of the internal revenue  
14 code of 1986 (26 U.S.C. Sec. 501(c)(3)), by a municipal hospital  
15 corporation, or by both;

16 (b) The nonprofit organization, corporation, or association  
17 operating the nonprofit clinic or center and applying for the exemption  
18 must be qualified for exemption under section 501(c)(3) of the internal  
19 revenue code of 1986 (26 U.S.C. Sec. 501(c)(3)); and

1 (c) The property must be used primarily in connection with the  
2 prevention, detection, and treatment of cancer, except as provided in  
3 RCW 84.36.805.

4 (2)(a) As used in this section, "nonprofit cancer clinic or center"  
5 means a medical facility operated:

6 (i) By a nonprofit organization, corporation, or association  
7 associated with a nonprofit hospital or group of nonprofit hospitals,  
8 by a municipal hospital corporation, or by both; and

9 (ii) For the primary purpose of preventing and detecting cancer and  
10 treating cancer patients.

11 (b) For the purposes of this subsection, "primary purpose" means  
12 that at least fifty-one percent of the patients who receive treatment  
13 at the clinic or center do so because they have been diagnosed as  
14 having cancer. In carrying out its primary purpose, the nonprofit  
15 cancer clinic or center provides any combination of radiation therapy,  
16 chemotherapy, and ancillary services, directly related to the  
17 prevention, detection, and treatment of cancer. These ancillary  
18 services include, but are not limited to, patient screening, case  
19 management, counseling, and access to a tumor registry.

20 (3) The exemption also applies to administrative offices located  
21 within the nonprofit cancer clinic or center that are used exclusively  
22 in conjunction with the cancer treatment services provided by the  
23 nonprofit cancer clinic or center.

24 (4) If the real or personal property for which exemption is sought  
25 is leased, the benefit of the exemption must inure to the nonprofit  
26 cancer clinic or center.

27 **Sec. 2.** RCW 84.36.800 and 1994 c 124 s 18 are each amended to read  
28 as follows:

29 As used in RCW 84.36.020, 84.36.030, (~~84.36.550~~) 84.36.037,  
30 84.36.040, 84.36.041, 84.36.050, 84.36.060, 84.36.550, section 1 of  
31 this act, and 84.36.800 through 84.36.865:

32 (1) "Church purposes" means the use of real and personal property  
33 owned by a nonprofit religious organization for religious worship or  
34 related administrative, educational, eleemosynary, and social  
35 activities. This definition is to be broadly construed;

36 (2) "Convent" means a house or set of buildings occupied by a  
37 community of clergy or nuns devoted to religious life under a superior;

1 (3) "Hospital" means any portion of a hospital building, or other  
2 buildings in connection therewith, used as a residence for persons  
3 engaged or employed in the operation of a hospital, or operated as a  
4 portion of the hospital unit;

5 (4) "Nonprofit" means an organization, association or corporation  
6 no part of the income of which is paid directly or indirectly to its  
7 members, stockholders, officers, directors or trustees except in the  
8 form of services rendered by the organization, association, or  
9 corporation in accordance with its purposes and bylaws and the salary  
10 or compensation paid to officers of such organization, association or  
11 corporation is for actual services rendered and compares to the salary  
12 or compensation of like positions within the public services of the  
13 state;

14 (5) "Parsonage" means a residence occupied by a member of the  
15 clergy who has been designated for a particular congregation and who  
16 holds regular services therefor.

17 **Sec. 3.** RCW 84.36.805 and 1995 2nd sp.s. c 9 s 2 are each amended  
18 to read as follows:

19 In order to be exempt pursuant to RCW 84.36.030, (~~(84.36.550,)~~)  
20 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,  
21 84.36.047, 84.36.050, 84.36.060, 84.36.350, (~~and~~) 84.36.480,  
22 84.36.550, and section 1 of this act, the nonprofit organizations,  
23 associations or corporations shall satisfy the following conditions:

24 (1) The property is used exclusively for the actual operation of  
25 the activity for which exemption is granted, unless otherwise provided,  
26 and does not exceed an amount reasonably necessary for that purpose,  
27 except:

28 (a) The loan or rental of the property does not subject the  
29 property to tax if:

30 (i) The rents and donations received for the use of the portion of  
31 the property are reasonable and do not exceed the maintenance and  
32 operation expenses attributable to the portion of the property loaned  
33 or rented; and

34 (ii) Except for the exemptions under RCW 84.36.030(4) and  
35 84.36.037, the property would be exempt from tax if owned by the  
36 organization to which it is loaned or rented;

1 (b) The use of the property for fund-raising activities does not  
2 subject the property to tax if the fund-raising activities are  
3 consistent with the purposes for which the exemption is granted;

4 (2) The property is irrevocably dedicated to the purpose for which  
5 exemption has been granted, and on the liquidation, dissolution, or  
6 abandonment by said organization, association, or corporation, said  
7 property will not inure directly or indirectly to the benefit of any  
8 shareholder or individual, except a nonprofit organization,  
9 association, or corporation which too would be entitled to property tax  
10 exemption(~~(:—PROVIDED, That the)~~). This property need not be  
11 irrevocably dedicated if it is leased or rented to those qualified for  
12 exemption pursuant to RCW 84.36.035, 84.36.040, 84.36.041, (~~(or)~~)  
13 84.36.043, or section 1 of this act or those qualified for exemption as  
14 an association engaged in the production or performance of musical,  
15 dance, artistic, dramatic, or literary works pursuant to RCW 84.36.060,  
16 but only if under the terms of the lease or rental agreement the  
17 nonprofit organization, association, or corporation receives the  
18 benefit of the exemption;

19 (3) The facilities and services are available to all regardless of  
20 race, color, national origin or ancestry;

21 (4) The organization, association, or corporation is duly licensed  
22 or certified where such licensing or certification is required by law  
23 or regulation;

24 (5) Property sold to organizations, associations, or corporations  
25 with an option to be repurchased by the seller shall not qualify for  
26 exempt status;

27 (6) The director of the department of revenue shall have access to  
28 its books in order to determine whether such organization, association,  
29 or corporation is exempt from taxes within the intent of RCW 84.36.030,  
30 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,  
31 84.36.047, 84.36.050, 84.36.060, 84.36.350, (~~(and)~~) 84.36.480, and  
32 section 1 of this act.

33 **Sec. 4.** RCW 84.36.810 and 1994 c 124 s 19 are each amended to read  
34 as follows:

35 (1) Upon cessation of a use under which an exemption has been  
36 granted pursuant to RCW 84.36.030, (~~(84.36.550,)~~) 84.36.037, 84.36.040,  
37 84.36.041, 84.36.043, 84.36.050, (~~(and)~~) 84.36.060, 84.36.550, and  
38 section 1 of this act, the county treasurer shall collect all taxes

1 which would have been paid had the property not been exempt during the  
2 three years preceding, or the life of such exemption, if such be less,  
3 together with the interest at the same rate and computed in the same  
4 way as that upon delinquent property taxes. Where the property has  
5 been granted an exemption for more than ten years, taxes and interest  
6 shall not be assessed under this section.

7 (2) Subsection (1) of this section applies only when ownership of  
8 the property is transferred or when fifty-one percent or more of the  
9 area of the property has lost its exempt status. The additional tax  
10 under subsection (1) of this section shall not be imposed if the  
11 cessation of use resulted solely from:

12 (a) Transfer to a nonprofit organization, association, or  
13 corporation for a use which also qualifies and is granted exemption  
14 under the provisions of chapter 84.36 RCW;

15 (b) A taking through the exercise of the power of eminent domain,  
16 or sale or transfer to an entity having the power of eminent domain in  
17 anticipation of the exercise of such power;

18 (c) Official action by an agency of the state of Washington or by  
19 the county or city within which the property is located which disallows  
20 the present use of such property;

21 (d) A natural disaster such as a flood, windstorm, earthquake, or  
22 other such calamity rather than by virtue of the act of the  
23 organization, association, or corporation changing the use of such  
24 property;

25 (e) Relocation of the activity and use of another location or site  
26 except for undeveloped properties of camp facilities exempted under RCW  
27 84.36.030;

28 (f) Cancellation of a lease on property that had been exempt under  
29 RCW 84.36.040, 84.36.041, 84.36.043, ~~((or))~~ 84.36.060, or section 1 of  
30 this act;

31 (g) A change in the exempt portion of a home for the aging under  
32 RCW 84.36.041(3), as long as some portion of the home remains exempt;

33 (h) The conversion of a full exemption of a home for the aging to  
34 a partial exemption or taxable status or the conversion of a partial  
35 exemption to taxable status under RCW 84.36.041(8).

1        NEW SECTION.   **Sec. 5.**   This act is effective for taxes levied for  
2   collection in 1998 and thereafter.

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