

---

HOUSE BILL 2315

---

State of Washington

55th Legislature

1998 Regular Session

By Representatives Thompson, Mulliken, B. Thomas and Dunshee; by request of Department of Revenue

Prefiled 12/26/97. Read first time 01/12/98. Referred to Committee on Finance.

1 AN ACT Relating to technical corrections of excise and property tax  
2 statutes; amending RCW 19.146.050, 70.95.520, 82.04.392, 82.04.405,  
3 82.08.0262, 82.08.0263, 82.08.036, 82.12.0254, 82.12.038, 82.32.210,  
4 82.32.215, 82.32.220, 82.36.130, 84.12.230, 84.33.091, 84.34.111,  
5 84.34.131, 84.34.141, 84.34.145, 84.34.150, 84.36.037, 84.36.041,  
6 84.36.161, 84.36.353, 84.36.473, 84.36.815, 84.36.825, and 84.36.835;  
7 reenacting and amending RCW 82.04.260, 84.36.800, 84.36.805, and  
8 84.36.810; creating a new section; and repealing RCW 70.95.510 and  
9 84.36.330.

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

11 **Sec. 1.** RCW 19.146.050 and 1997 c 106 s 5 are each amended to read  
12 as follows:

13 All moneys received by a mortgage broker from a borrower for  
14 payment of third-party provider services shall be deemed as held in  
15 trust immediately upon receipt by the mortgage broker. A mortgage  
16 broker shall deposit, prior to the end of the third business day  
17 following receipt of such trust funds, all such trust funds in a trust  
18 account of a federally insured financial institution located in this  
19 state. All trust account funds collected under this chapter must

1 remain on deposit in a trust account in the state of Washington until  
2 disbursement. The trust account shall be designated and maintained for  
3 the benefit of borrowers. Moneys maintained in the trust account shall  
4 be exempt from execution, attachment, or garnishment. A mortgage  
5 broker shall not in any way encumber the corpus of the trust account or  
6 commingle any other operating funds with trust account funds.  
7 Withdrawals from the trust account shall be only for the payment of  
8 bona fide services rendered by a third-party provider or for refunds to  
9 borrowers. The director shall make rules which: (1) Direct mortgage  
10 brokers how to handle checks and other instruments that are received by  
11 the broker and that combine trust funds with other funds; and (2)  
12 permit transfer of trust funds out of the trust account for payment of  
13 other costs only when necessary and only with the prior express written  
14 permission of the borrower. Any interest earned on the trust account  
15 shall be refunded or credited to the borrowers at closing. Trust  
16 accounts that are operated in a manner consistent with this section and  
17 any rules adopted by the director, are not considered (~~exempt from~~  
18 ~~taxation~~) gross receipts taxable under chapter 82.04 RCW.

19 **Sec. 2.** RCW 70.95.520 and 1996 c 283 s 902 are each amended to  
20 read as follows:

21 There is created an account within the state treasury to be known  
22 as the vehicle tire recycling account. All assessments and other funds  
23 collected or received under this chapter shall be deposited in the  
24 vehicle tire recycling account and used by the department of ecology  
25 for administration and implementation of this chapter. (~~After October~~  
26 ~~1, 1989, the department of revenue shall deduct two percent from funds~~  
27 ~~collected pursuant to RCW 70.95.510 for the purpose of administering~~  
28 ~~and collecting the fee from new replacement vehicle tire retailers.~~)

29 During the 1995-97 biennium, funds in the account may be  
30 appropriated to support recycling market development activities by  
31 state agencies.

32 **Sec. 3.** RCW 82.04.260 and 1996 c 148 s 2 and 1996 c 115 s 1 are  
33 each reenacted and amended to read as follows:

34 (1) Upon every person engaging within this state in the business of  
35 buying wheat, oats, dry peas, dry beans, lentils, triticale, canola,  
36 corn, rye and barley, but not including any manufactured (~~or~~  
37 ~~processed~~) products thereof, and selling the same at wholesale; the

1 tax imposed shall be equal to the gross proceeds derived from such  
2 sales multiplied by the rate of 0.011 percent.

3 (2) Upon every person engaging within this state in the business of  
4 manufacturing wheat into flour, barley into pearl barley, soybeans into  
5 soybean oil, canola into canola oil, canola meal, or canola byproducts,  
6 or sunflower seeds into sunflower oil; as to such persons the amount of  
7 tax with respect to such business shall be equal to the value of the  
8 flour, pearl barley, oil, canola meal, or canola byproduct  
9 manufactured, multiplied by the rate of 0.138 percent.

10 (3) Upon every person engaging within this state in the business of  
11 splitting or processing dried peas; as to such persons the amount of  
12 tax with respect to such business shall be equal to the value of the  
13 peas split or processed, multiplied by the rate of 0.275 percent.

14 (4) Upon every person engaging within this state in the business of  
15 manufacturing seafood products which remain in a raw, raw frozen, or  
16 raw salted state at the completion of the manufacturing by that person;  
17 as to such persons the amount of tax with respect to such business  
18 shall be equal to the value of the products manufactured, multiplied by  
19 the rate of 0.138 percent.

20 (5) Upon every person engaging within this state in the business of  
21 manufacturing by canning, preserving, freezing, processing, or  
22 dehydrating fresh fruits and vegetables, or selling at wholesale fresh  
23 fruits and vegetables canned, preserved, frozen, processed, or  
24 dehydrated by the seller and sold to purchasers who transport in the  
25 ordinary course of business the goods out of this state; as to such  
26 persons the amount of tax with respect to such business shall be equal  
27 to the value of the products canned, preserved, frozen, processed, or  
28 dehydrated multiplied by the rate of 0.33 percent. As proof of sale to  
29 a person who transports in the ordinary course of business goods out of  
30 this state, the seller shall annually provide a statement in a form  
31 prescribed by the department and retain the statement as a business  
32 record.

33 (6) Upon every nonprofit corporation and nonprofit association  
34 engaging within this state in research and development, as to such  
35 corporations and associations, the amount of tax with respect to such  
36 activities shall be equal to the gross income derived from such  
37 activities multiplied by the rate of 0.484 percent.

38 (7) Upon every person engaging within this state in the business of  
39 slaughtering, breaking and/or processing perishable meat products

1 and/or selling the same at wholesale only and not at retail; as to such  
2 persons the tax imposed shall be equal to the gross proceeds derived  
3 from such sales multiplied by the rate of 0.138 percent.

4 (8) Upon every person engaging within this state in the business of  
5 making sales, at retail or wholesale, of nuclear fuel assemblies  
6 manufactured by that person, as to such persons the amount of tax with  
7 respect to such business shall be equal to the gross proceeds of sales  
8 of the assemblies multiplied by the rate of 0.275 percent.

9 (9) Upon every person engaging within this state in the business of  
10 manufacturing nuclear fuel assemblies, as to such persons the amount of  
11 tax with respect to such business shall be equal to the value of the  
12 products manufactured multiplied by the rate of 0.275 percent.

13 (10) Upon every person engaging within this state in the business  
14 of acting as a travel agent or tour operator; as to such persons the  
15 amount of the tax with respect to such activities shall be equal to the  
16 gross income derived from such activities multiplied by the rate of  
17 0.275 percent.

18 (11) Upon every person engaging within this state in business as an  
19 international steamship agent, international customs house broker,  
20 international freight forwarder, vessel and/or cargo charter broker in  
21 foreign commerce, and/or international air cargo agent; as to such  
22 persons the amount of the tax with respect to only international  
23 activities shall be equal to the gross income derived from such  
24 activities multiplied by the rate of 0.363 percent.

25 (12) Upon every person engaging within this state in the business  
26 of stevedoring and associated activities pertinent to the movement of  
27 goods and commodities in waterborne interstate or foreign commerce; as  
28 to such persons the amount of tax with respect to such business shall  
29 be equal to the gross proceeds derived from such activities multiplied  
30 by the rate of 0.363 percent. Persons subject to taxation under this  
31 subsection shall be exempt from payment of taxes imposed by chapter  
32 82.16 RCW for that portion of their business subject to taxation under  
33 this subsection. Stevedoring and associated activities pertinent to  
34 the conduct of goods and commodities in waterborne interstate or  
35 foreign commerce are defined as all activities of a labor, service or  
36 transportation nature whereby cargo may be loaded or unloaded to or  
37 from vessels or barges, passing over, onto or under a wharf, pier, or  
38 similar structure; cargo may be moved to a warehouse or similar holding  
39 or storage yard or area to await further movement in import or export

1 or may move to a consolidation freight station and be stuffed,  
2 unstuffed, containerized, separated or otherwise segregated or  
3 aggregated for delivery or loaded on any mode of transportation for  
4 delivery to its consignee. Specific activities included in this  
5 definition are: Wharfage, handling, loading, unloading, moving of  
6 cargo to a convenient place of delivery to the consignee or a  
7 convenient place for further movement to export mode; documentation  
8 services in connection with the receipt, delivery, checking, care,  
9 custody and control of cargo required in the transfer of cargo;  
10 imported automobile handling prior to delivery to consignee; terminal  
11 stevedoring and incidental vessel services, including but not limited  
12 to plugging and unplugging refrigerator service to containers,  
13 trailers, and other refrigerated cargo receptacles, and securing ship  
14 hatch covers.

15 (13) Upon every person engaging within this state in the business  
16 of disposing of low-level waste, as defined in RCW 43.145.010; as to  
17 such persons the amount of the tax with respect to such business shall  
18 be equal to the gross income of the business, excluding any fees  
19 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3  
20 percent.

21 If the gross income of the taxpayer is attributable to activities  
22 both within and without this state, the gross income attributable to  
23 this state shall be determined in accordance with the methods of  
24 apportionment required under RCW 82.04.460.

25 (14) Upon every person engaging within this state as an insurance  
26 agent, insurance broker, or insurance solicitor licensed under chapter  
27 48.17 RCW; as to such persons, the amount of the tax with respect to  
28 such licensed activities shall be equal to the gross income of such  
29 business multiplied by the rate of 0.55 percent.

30 (15) Upon every person engaging within this state in business as a  
31 hospital, as defined in chapter 70.41 RCW, that is operated as a  
32 nonprofit corporation or by the state or any of its political  
33 subdivisions, as to such persons, the amount of tax with respect to  
34 such activities shall be equal to the gross income of the business  
35 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5  
36 percent thereafter. The moneys collected under this subsection shall  
37 be deposited in the health services account created under RCW  
38 43.72.900.

1       **Sec. 4.** RCW 82.04.392 and 1997 c 106 s 21 are each amended to read  
2 as follows:

3       This chapter shall not apply to amounts received from trust  
4 accounts (~~(that)~~) to mortgage brokers for the payment of third-party  
5 costs if the accounts are operated in a manner consistent with RCW  
6 19.146.050 and any rules adopted by the director of financial  
7 institutions.

8       **Sec. 5.** RCW 82.04.405 and 1970 ex.s. c 101 s 3 are each amended to  
9 read as follows:

10       This chapter shall not apply to the gross income of credit unions  
11 organized under the laws of this state, any other state, or the United  
12 States.

13       **Sec. 6.** RCW 82.08.0262 and 1994 c 43 s 1 are each amended to read  
14 as follows:

15       The tax levied by RCW 82.08.020 shall not apply to sales of  
16 airplanes, locomotives, railroad cars, or watercraft for use in  
17 conducting interstate or foreign commerce by transporting therein or  
18 therewith property and persons for hire or for use in conducting  
19 commercial deep sea fishing operations outside the territorial waters  
20 of the state or airplanes sold to the United States government; also  
21 sales of tangible personal property which becomes a component part of  
22 such airplanes, locomotives, railroad cars, or watercraft, and of motor  
23 vehicles or trailers whether owned by or leased with or without drivers  
24 and used by the holder of a carrier permit issued by the Interstate  
25 Commerce Commission or its successor agency authorizing transportation  
26 by motor vehicle across the boundaries of this state, in the course of  
27 constructing, repairing, cleaning, altering, or improving the same;  
28 also sales of or charges made for labor and services rendered in  
29 respect to such constructing, repairing, cleaning, altering, or  
30 improving.

31       **Sec. 7.** RCW 82.08.0263 and 1995 c 63 s 1 are each amended to read  
32 as follows:

33       The tax levied by RCW 82.08.020 shall not apply to sales of motor  
34 vehicles and trailers to be used for the purpose of transporting  
35 therein persons or property for hire in interstate or foreign commerce  
36 whether such use is by the owner or whether such motor vehicles and

1 trailers are leased to the user with or without drivers: PROVIDED,  
2 That the purchaser or user must be the holder of a carrier permit  
3 issued by the Interstate Commerce Commission or its successor agency.

4 **Sec. 8.** RCW 82.08.036 and 1989 c 431 s 45 are each amended to read  
5 as follows:

6 The tax levied by RCW 82.08.020 shall not apply to consideration(~~(+~~  
7 ~~(+))~~) received as core deposits or credits in a retail or wholesale  
8 sale(~~(+ or (2) received or collected upon the sale of a new replacement~~  
9 ~~vehicle tire as a fee imposed under RCW 70.95.510)~~). For purposes of  
10 this section, the term "core deposits or credits" means the amount  
11 representing the value of returnable products such as batteries,  
12 starters, brakes, and other products with returnable value added for  
13 the purpose of recycling or remanufacturing.

14 **Sec. 9.** RCW 82.12.0254 and 1995 c 63 s 2 are each amended to read  
15 as follows:

16 The provisions of this chapter shall not apply in respect to the  
17 use of any airplane, locomotive, railroad car, or watercraft used  
18 primarily in conducting interstate or foreign commerce by transporting  
19 therein or therewith property and persons for hire or used primarily in  
20 commercial deep sea fishing operations outside the territorial waters  
21 of the state, and in respect to use of tangible personal property which  
22 becomes a component part of any such airplane, locomotive, railroad  
23 car, or watercraft, and in respect to the use by a nonresident of this  
24 state of any motor vehicle or trailer used exclusively in transporting  
25 persons or property across the boundaries of this state and in  
26 intrastate operations incidental thereto when such motor vehicle or  
27 trailer is registered and licensed in a foreign state and in respect to  
28 the use by a nonresident of this state of any motor vehicle or trailer  
29 so registered and licensed and used within this state for a period not  
30 exceeding fifteen consecutive days under such rules as the department  
31 of revenue shall adopt: PROVIDED, That under circumstances determined  
32 to be justifiable by the department of revenue a second fifteen day  
33 period may be authorized consecutive with the first fifteen day period;  
34 and for the purposes of this exemption the term "nonresident" as used  
35 herein, shall include a user who has one or more places of business in  
36 this state as well as in one or more other states, but the exemption  
37 for nonresidents shall apply only to those vehicles which are most

1 frequently dispatched, garaged, serviced, maintained, and operated from  
2 the user's place of business in another state; and in respect to the  
3 use by the holder of a carrier permit issued by the Interstate Commerce  
4 Commission or its successor agency of any motor vehicle or trailer  
5 whether owned by or leased with or without driver to the permit holder  
6 and used in substantial part in the normal and ordinary course of the  
7 user's business for transporting therein persons or property for hire  
8 across the boundaries of this state; and in respect to the use of any  
9 motor vehicle or trailer while being operated under the authority of a  
10 one-transit permit issued by the director of licensing pursuant to RCW  
11 46.16.160 and moving upon the highways from the point of delivery in  
12 this state to a point outside this state; and in respect to the use of  
13 tangible personal property which becomes a component part of any motor  
14 vehicle or trailer used by the holder of a carrier permit issued by the  
15 Interstate Commerce Commission or its successor agency authorizing  
16 transportation by motor vehicle across the boundaries of this state  
17 whether such motor vehicle or trailer is owned by or leased with or  
18 without driver to the permit holder.

19 **Sec. 10.** RCW 82.12.038 and 1989 c 431 s 46 are each amended to  
20 read as follows:

21 The provisions of this chapter shall not apply(~~((1))~~) to the  
22 value of core deposits or credits in a retail or wholesale sale(~~((1) or~~  
23 ~~(2) to the fees imposed under RCW 70.95.510 upon the sale of a new~~  
24 ~~replacement vehicle tire~~)). For purposes of this section, the term  
25 "core deposits or credits" means the amount representing the value of  
26 returnable products such as batteries, starters, brakes, and other  
27 products with returnable value added for the purpose of recycling or  
28 remanufacturing.

29 **Sec. 11.** RCW 82.32.210 and 1997 c 157 s 3 are each amended to read  
30 as follows:

31 (1) If any fee, tax, increase, or penalty or any portion thereof is  
32 not paid within fifteen days after it becomes due, the department of  
33 revenue may issue a warrant (~~((under its official seal))~~) in the amount  
34 of such unpaid sums, together with interest thereon from the date the  
35 warrant is issued until the date of payment. If, however, the  
36 department of revenue believes that a taxpayer is about to cease  
37 business, leave the state, or remove or dissipate the assets out of



1 which fees, taxes or penalties might be satisfied and that any tax or  
2 penalty will not be paid when due, it may declare the fee, tax or  
3 penalty to be immediately due and payable and may issue a warrant  
4 immediately.

5 (a) Interest imposed before January 1, 1999, shall be computed at  
6 the rate of one percent of the amount of the warrant for each thirty  
7 days or portion thereof.

8 (b) Interest imposed after December 31, 1998, shall be computed on  
9 a daily basis on the amount of outstanding tax or fee at the rate as  
10 computed under RCW 82.32.050(2). The rate so computed shall be  
11 adjusted on the first day of January of each year for use in computing  
12 interest for that calendar year. As used in this subsection, "fee"  
13 does not include an administrative filing fee such as a court filing  
14 fee and warrant fee.

15 (2) The department shall file a copy of the warrant with the clerk  
16 of the superior court of any county of the state in which real and/or  
17 personal property of the taxpayer may be found. Upon filing, the clerk  
18 shall enter in the judgment docket, the name of the taxpayer mentioned  
19 in the warrant and in appropriate columns the amount of the fee, tax or  
20 portion thereof and any increases and penalties for which the warrant  
21 is issued and the date when the copy is filed, and thereupon the amount  
22 of the warrant so docketed shall become a specific lien upon all goods,  
23 wares, merchandise, fixtures, equipment, or other personal property  
24 used in the conduct of the business of the taxpayer against whom the  
25 warrant is issued, including property owned by third persons who have  
26 a beneficial interest, direct or indirect, in the operation of the  
27 business, and no sale or transfer of the personal property in any way  
28 affects the lien.

29 (3) The lien shall not be superior, however, to bona fide interests  
30 of third persons which had vested prior to the filing of the warrant  
31 when the third persons do not have a beneficial interest, direct or  
32 indirect, in the operation of the business, other than the securing of  
33 the payment of a debt or the receiving of a regular rental on  
34 equipment. The phrase "bona fide interests of third persons" does not  
35 include any mortgage of real or personal property or any other credit  
36 transaction that results in the mortgagee or the holder of the security  
37 acting as trustee for unsecured creditors of the taxpayer mentioned in  
38 the warrant who executed the chattel or real property mortgage or the  
39 document evidencing the credit transaction.

1 (4) The amount of the warrant so docketed shall thereupon also  
2 become a lien upon the title to and interest in all other real and  
3 personal property of the taxpayer against whom it is issued the same as  
4 a judgment in a civil case duly docketed in the office of the clerk.  
5 The warrant so docketed shall be sufficient to support the issuance of  
6 writs of garnishment in favor of the state in the manner provided by  
7 law in the case of judgments wholly or partially unsatisfied.

8 **Sec. 12.** RCW 82.32.215 and 1983 1st ex.s. c 55 s 9 are each  
9 amended to read as follows:

10 If any warrant issued under this chapter is not paid within thirty  
11 days after it has been filed with the clerk of the superior court, or  
12 if any taxpayer is delinquent, for three consecutive reporting periods,  
13 in the transmission to the department of revenue of retail sales tax  
14 collected by ~~((him))~~ the taxpayer, the department of revenue may, by  
15 order ~~((issued under its official seal))~~, revoke the certificate of  
16 registration of the taxpayer against whom the warrant was issued, and,  
17 if the order is entered, a copy thereof shall be posted in a  
18 conspicuous place at the main entrance to the taxpayer's place of  
19 business and shall remain posted until such time as the warrant has  
20 been paid. Any certificate so revoked shall not be reinstated, nor  
21 shall a new certificate of registration be issued to the taxpayer,  
22 until the amount due on the warrant has been paid, or provisions for  
23 payment satisfactory to the department of revenue have been entered,  
24 and until the taxpayer has deposited with the department of revenue  
25 such security for payment of any taxes, increases, and penalties, due  
26 or which may become due in an amount and under such terms and  
27 conditions as the department of revenue may require, but the amount of  
28 the security shall not be greater than one-half the estimated average  
29 annual liability of the taxpayer.

30 **Sec. 13.** RCW 82.32.220 and 1983 1st ex.s. c 55 s 10 are each  
31 amended to read as follows:

32 The department of revenue may issue an order of execution, pursuant  
33 to a filed warrant, ~~((under its official seal))~~ directed to the sheriff  
34 of the county in which the warrant has been filed, commanding ~~((him))~~  
35 the sheriff to levy upon and sell the real and/or personal property of  
36 the taxpayer found within ~~((his))~~ the sheriff's county, or so much  
37 thereof as may be necessary, for the payment of the amount of the

1 warrant, plus the cost of executing the warrant, and return the warrant  
2 to the department of revenue and pay to it the money collected by  
3 virtue thereof within sixty days after the receipt of the warrant. The  
4 sheriff shall thereupon proceed upon the same in all respects and with  
5 like effect as prescribed by law with respect to execution or other  
6 process issued against rights or property upon judgments of the  
7 superior court.

8 The sheriff shall be entitled to fees as provided by law for  
9 ~~((his))~~ the sheriff's services in levying execution on a superior court  
10 judgment and the clerk shall be entitled to a filing fee as provided by  
11 law, which shall be added to the amount of the warrant.

12 The proceeds received from any sale shall be credited upon the  
13 amount due under the warrant and when the final amount due is received,  
14 together with interest, penalties, and costs, the judgment docket shall  
15 show the claim for taxes to be satisfied and the clerk of the court  
16 shall so note upon the docket. Any surplus received from any sale of  
17 property shall be paid to the taxpayer or to any lien holder entitled  
18 thereto. If the return on the warrant shows that the same has not been  
19 satisfied in full, the amount of the deficiency shall remain the same  
20 as a judgment against the taxpayer which may be collected in the same  
21 manner as the original amount of the warrant.

22 **Sec. 14.** RCW 82.36.130 and 1961 c 15 s 82.36.130 are each amended  
23 to read as follows:

24 If any distributor is in default for more than ten days in the  
25 payment of any excise taxes or penalties thereon, the director shall  
26 issue a warrant ~~((under the official seal of his office))~~ directed to  
27 the sheriff of any county of the state commanding ~~((him))~~ the sheriff  
28 to levy upon and sell the goods and chattels of the distributor,  
29 without exemption, found within ~~((his))~~ the sheriff's jurisdiction, for  
30 the payment of the amount of such delinquency, with the added penalties  
31 and interest and the cost of executing the warrant, and to return such  
32 warrant to the director and to pay the director the money collected by  
33 virtue thereof within the time to be therein specified, which shall not  
34 be less than twenty nor more than sixty days from the date of the  
35 warrant. The sheriff to whom the warrant is directed shall proceed  
36 upon it in all respects and with like effect and in the same manner as  
37 prescribed by law in respect to executions issued against goods and  
38 chattels upon judgment by a court of record and shall be entitled to

1 the same fees for ((his)) the sheriff's services to be collected in the  
2 same manner.

3 **Sec. 15.** RCW 84.12.230 and 1984 c 132 s 1 are each amended to read  
4 as follows:

5 Each company doing business in this state shall annually on or  
6 before the 15th day of March, make and file with the department of  
7 revenue an annual report, in such manner, upon such form, and giving  
8 such information as the department may direct: PROVIDED, That the  
9 department, upon written request filed on or before such date and for  
10 good cause shown therein, may allow an extension of time for filing not  
11 to exceed sixty days. At the time of making such report each company  
12 shall also be required to furnish to the department the annual reports  
13 of the board of directors, or other officers to the stockholders of the  
14 company, duplicate copies of the annual reports made to the interstate  
15 commerce commission or its successor agency and to the utilities and  
16 transportation commission of this state and duplicate copies of such  
17 other reports as the department may direct: PROVIDED, That the  
18 duplicate copies of these annual reports shall not be due until such  
19 time as they are due to the stockholders or commissioners.

20 **Sec. 16.** RCW 84.33.091 and 1984 c 204 s 11 are each amended to  
21 read as follows:

22 (1) The department of revenue shall designate areas containing  
23 timber having similar growing, harvesting, and marketing conditions to  
24 be used as units for the preparation and application of stumpage  
25 values. Each year on or before December 31 for use the following  
26 January through June 30, and on or before June 30 for use the following  
27 July through December 31, the department shall prepare tables of  
28 stumpage values of each species or subclassification of timber within  
29 these units. The stumpage value shall be the amount that each such  
30 species or subclassification would sell for at a voluntary sale made in  
31 the ordinary course of business for purposes of immediate harvest.  
32 These stumpage values, expressed in terms of a dollar amount per  
33 thousand board feet or other unit measure, shall be determined in a  
34 manner which makes reasonable and adequate allowances for age, size,  
35 quality, costs of removal, accessibility to point of conversion, market  
36 conditions, and all other relevant factors from:

1 (a) Gross proceeds from sales on the stump of similar timber of  
2 like quality and character at similar locations, and in similar  
3 quantities;

4 (b) Gross proceeds from sales of logs adjusted to reflect only the  
5 portion of such proceeds attributable to value on the stump immediately  
6 prior to harvest; or

7 (c) A combination of (a) and (b) of this subsection.

8 (2) Upon application from any person who plans to harvest damaged  
9 timber, the stumpage values for which have been materially reduced from  
10 the values shown in the applicable tables due to damage resulting from  
11 fire, blow down, ice storm, flood, or other sudden unforeseen cause,  
12 the department shall revise the stumpage value tables for any area in  
13 which such timber is located and shall specify any additional  
14 accounting or other requirements to be complied with in reporting and  
15 paying the tax.

16 (3) The preliminary area designations and stumpage value tables and  
17 any revisions thereof are subject to review by the ways and means  
18 committees of the house of representatives and senate prior to  
19 finalization. Tables of stumpage values shall be signed by the  
20 director or the director's designee (~~and authenticated by the official  
21 seal of the department~~). A copy thereof shall be mailed to anyone who  
22 has submitted to the department a written request for a copy.

23 (4) On or before the sixtieth day after the date of final adoption  
24 of any stumpage value tables, any harvester may appeal to the board of  
25 tax appeals for a revision of stumpage values for an area determined  
26 pursuant to subsection (3) of this section.

27 **Sec. 17.** RCW 84.34.111 and 1973 1st ex.s. c 212 s 13 are each  
28 amended to read as follows:

29 The owner of any land as to which additional tax is imposed as  
30 provided in this chapter (~~(212, Laws of 1973 1st ex. sess.)~~) shall have  
31 with respect to valuation of the land and imposition of the additional  
32 tax all remedies provided by this title (~~(84-RCW)~~).

33 **Sec. 18.** RCW 84.34.131 and 1973 1st ex.s. c 212 s 16 are each  
34 amended to read as follows:

35 Nothing in this chapter (~~(212, Laws of 1973 1st ex. sess.)~~) shall  
36 be construed as in any manner affecting the method for valuation of

1 timber standing on timber land which has been classified under ((the  
2 provisions of)) this chapter ((212, Laws of 1973 1st ex. sess)).

3 **Sec. 19.** RCW 84.34.141 and 1973 1st ex.s. c 212 s 17 are each  
4 amended to read as follows:

5 The department of revenue of the state of Washington shall make  
6 such rules and regulations consistent with ((the provisions of)) this  
7 chapter ((212, Laws of 1973 1st ex. sess.)) as shall be necessary or  
8 desirable to permit its effective administration.

9 **Sec. 20.** RCW 84.34.145 and 1992 c 69 s 13 are each amended to read  
10 as follows:

11 The county legislative authority shall appoint a five member  
12 committee representing the active farming community within the county  
13 to serve in an advisory capacity to the assessor in implementing  
14 assessment guidelines as established by the department of revenue for  
15 the assessment of open space, farms and agricultural lands, and timber  
16 lands classified ((pursuant to)) under this chapter ((212, Laws of 1973  
17 1st ex. sess)).

18 **Sec. 21.** RCW 84.34.150 and 1992 c 69 s 14 are each amended to read  
19 as follows:

20 Land classified under the provisions of chapter 84.34 RCW prior to  
21 July 16, 1973 which meets the criteria for classification under ((the  
22 provisions of)) this chapter ((212, Laws of 1973 1st ex. sess.)), is  
23 hereby reclassified under ((the provisions of)) this chapter ((212,  
24 Laws of 1973 1st ex. sess)). This change in classification shall be  
25 made without additional tax, applicable interest, penalty, or other  
26 requirements((:—PROVIDED,—That)), but subsequent to such  
27 reclassification, the land shall be fully subject to ((the provisions  
28 of)) this chapter ((84.34 RCW)). A condition imposed by a granting  
29 authority prior to July 16, 1973, upon land classified pursuant to RCW  
30 84.34.020 (1) or (3) shall remain in effect during the period of  
31 classification.

32 **Sec. 22.** RCW 84.36.037 and 1997 c 298 s 1 are each amended to read  
33 as follows:

34 (1) Real or personal property owned by a nonprofit organization,  
35 association, or corporation in connection with the operation of a

1 public assembly hall or meeting place is exempt from taxation. The  
2 area exempt under this section includes the building or buildings, the  
3 land under the buildings, and an additional area necessary for parking,  
4 not exceeding a total of one acre(~~(:—PROVIDED, That for)~~). When  
5 property for which exemption is sought is essentially unimproved except  
6 for restroom facilities and structures (~~(on such)~~) and this property  
7 (~~(which)~~) has been used primarily for annual community celebration  
8 events for at least ten years, (~~(such)~~) the exempt property shall not  
9 exceed twenty-nine acres.

10 (2) To qualify for this exemption the property must be used  
11 exclusively for public gatherings and be available to all organizations  
12 or persons desiring to use the property, but the owner may impose  
13 conditions and restrictions which are necessary for the safekeeping of  
14 the property and promote the purposes of this exemption. Membership  
15 shall not be a prerequisite for the use of the property.

16 (3) The use of the property for pecuniary gain or to promote  
17 business activities, except as provided in this section, nullifies the  
18 exemption otherwise available for the property for the assessment year.  
19 The exemption is not nullified by:

20 (a) The collection of rent or donations if the amount is reasonable  
21 and does not exceed maintenance and operation expenses created by the  
22 user.

23 (b) Fund-raising activities conducted by a nonprofit organization.

24 (c) The use of the property for pecuniary gain or to promote  
25 business activities for periods of not more than seven days in a year.

26 (~~((d) An inadvertent use of the property in a manner inconsistent~~  
27 ~~with the purpose for which exemption is granted, if the inadvertent use~~  
28 ~~is not part of a pattern of use. A pattern of use is presumed when an~~  
29 ~~inadvertent use is repeated in the same assessment year or in two or~~  
30 ~~more successive assessment years.))~~

31 (4) The department of revenue shall narrowly construe this  
32 exemption.

33 **Sec. 23.** RCW 84.36.041 and 1997 c 3 s 124 are each amended to read  
34 as follows:

35 (1) All real and personal property used by a nonprofit home for the  
36 aging that is reasonably necessary for the purposes of the home is  
37 exempt from taxation if the benefit of the exemption inures to the home  
38 and:

1 (a) At least fifty percent of the occupied dwelling units in the  
2 home are occupied by eligible residents; or

3 (b) The home is subsidized under a federal department of housing  
4 and urban development program. The department of revenue shall provide  
5 by rule a definition of homes eligible for exemption under this  
6 subsection (b), consistent with the purposes of this section.

7 (2) All real and personal property used by a nonprofit home for the  
8 aging that is reasonably necessary for the purposes of the home is  
9 exempt from taxation if the benefit of the exemption inures to the home  
10 and the construction, rehabilitation, acquisition, or refinancing of  
11 the home is financed under a program using bonds exempt from federal  
12 income tax if at least seventy-five percent of the total amount  
13 financed uses the tax exempt bonds and the financing program requires  
14 the home to reserve a percentage of all dwelling units so financed for  
15 low-income residents. The initial term of the exemption under this  
16 subsection shall equal the term of the tax exempt bond used in  
17 connection with the financing program, or the term of the requirement  
18 to reserve dwelling units for low-income residents, whichever is  
19 shorter. If the financing program involves less than the entire home,  
20 only those dwelling units included in the financing program are  
21 eligible for total exemption. The department of revenue shall provide  
22 by rule the requirements for monitoring compliance with the provisions  
23 of this subsection and the requirements for exemption including:

24 (a) The number or percentage of dwelling units required to be  
25 occupied by low-income residents, and a definition of low income;

26 (b) The type and character of the dwelling units, whether  
27 independent units or otherwise; and

28 (c) Any particular requirements for continuing care retirement  
29 communities.

30 (3) A home for the aging is eligible for a partial exemption on the  
31 real property and a total exemption for the home's personal property if  
32 the home does not meet the requirements of subsection (1) of this  
33 section because fewer than fifty percent of the occupied dwelling units  
34 are occupied by eligible residents, as follows:

35 (a) A partial exemption shall be allowed for each dwelling unit in  
36 a home occupied by a resident requiring assistance with activities of  
37 daily living.

38 (b) A partial exemption shall be allowed for each dwelling unit in  
39 a home occupied by an eligible resident.



1 (c) A partial exemption shall be allowed for an area jointly used  
2 by a home for the aging and by a nonprofit organization, association,  
3 or corporation currently exempt from property taxation under one of the  
4 other provisions of this chapter. The shared area must be reasonably  
5 necessary for the purposes of the nonprofit organization, association,  
6 or corporation exempt from property taxation under one of the other  
7 provisions of this chapter, such as kitchen, dining, and laundry areas.

8 (d) The amount of exemption shall be calculated by multiplying the  
9 assessed value of the property reasonably necessary for the purposes of  
10 the home, less the assessed value of any area exempt under (c) of this  
11 subsection, by a fraction. The numerator of the fraction is the number  
12 of dwelling units occupied by eligible residents and by residents  
13 requiring assistance with activities of daily living. The denominator  
14 of the fraction is the total number of occupied dwelling units as of  
15 January 1st of the year for which exemption is claimed.

16 (4) To be exempt under this section, the property must be used  
17 exclusively for the purposes for which the exemption is granted, except  
18 as provided in RCW 84.36.805.

19 (5) A home for the aging is exempt from taxation only if the  
20 organization operating the home is exempt from income tax under section  
21 501(c) of the federal internal revenue code as existing on January 1,  
22 1989, or such subsequent date as the director may provide by rule  
23 consistent with the purposes of this section.

24 (6) In order for the home to be eligible for exemption under  
25 subsections (1)(a) and (2)(b) of this section, each eligible resident  
26 of a home for the aging shall submit an income verification form to the  
27 county assessor by July 1st of the assessment year in which the  
28 application for exemption is made. The income verification form shall  
29 be prescribed and furnished by the department of revenue. An eligible  
30 resident who has filed a form for a previous year need not file a new  
31 form until there is a change in status affecting the person's  
32 eligibility.

33 (7) In determining the assessed value of a home for the aging for  
34 purposes of the partial exemption provided by subsection (3) of this  
35 section, the assessor shall apply the computation method provided by  
36 RCW 84.34.060 and shall consider only the use to which such property is  
37 applied during the years for which such partial exemptions are  
38 available and shall not consider potential uses of such property.

1       (8) (~~(A home for the aging that was exempt or partially exempt for~~  
2 ~~taxes levied in 1993 for collection in 1994 is partially exempt for~~  
3 ~~taxes levied in 1994 for collection in 1995, has an increase in taxable~~  
4 ~~value for taxes levied in 1994 for collection in 1995 due to the change~~  
5 ~~prescribed by chapter 151, Laws of 1993 with respect to the numerator~~  
6 ~~of the fraction used to determine the amount of a partial exemption,~~  
7 ~~and is not fully exempt under this section is entitled to partial~~  
8 ~~exemptions as follows:~~

9       (a) ~~For taxes levied in 1994 for collection in 1995, the home shall~~  
10 ~~pay taxes based upon the taxable value in 1993 plus one third of the~~  
11 ~~increase in the taxable value from 1993 to the nonexempt value~~  
12 ~~calculated under subsection (3)(d) of this section for 1994.~~

13       (b) ~~For taxes levied in 1995 for collection in 1996, the home shall~~  
14 ~~pay taxes based upon the taxable value for 1994 as calculated in (a) of~~  
15 ~~this subsection plus one half of the increase in the taxable value from~~  
16 ~~1994 to the nonexempt value calculated under subsection (3)(d) of this~~  
17 ~~section for 1995. For taxes levied in 1996 for collection in 1997 and~~  
18 ~~for taxes levied thereafter, this subsection (8) does not apply, and~~  
19 ~~the home shall pay taxes without reference to this subsection (8).~~

20       (c) ~~For purposes of this subsection (8), "taxable value" means the~~  
21 ~~value of the home upon which the tax rate is applied in order to~~  
22 ~~determine the amount of taxes due.~~

23       ~~(9))~~ As used in this section:

24       (a) "Eligible resident" means a person who:

25       (i) Occupied the dwelling unit as a principal place of residence as  
26 of January 1st of the year for which the exemption is claimed.  
27 Confinement of the person to a hospital or nursing home does not  
28 disqualify the claim of exemption if the dwelling unit is temporarily  
29 unoccupied or if the dwelling unit is occupied by a spouse, a person  
30 financially dependent on the claimant for support, or both; and

31       (ii) Is sixty-one years of age or older on December 31st of the  
32 year in which the exemption claim is filed, or is, at the time of  
33 filing, retired from regular gainful employment by reason of physical  
34 disability. Any surviving spouse of a person who was receiving an  
35 exemption at the time of the person's death shall qualify if the  
36 surviving spouse is fifty-seven years of age or older and otherwise  
37 meets the requirements of this subsection; and

38       (iii) Has a combined disposable income of no more than the greater  
39 of twenty-two thousand dollars or eighty percent of the median income

1 adjusted for family size as most recently determined by the federal  
2 department of housing and urban development for the county in which the  
3 person resides. For the purposes of determining eligibility under this  
4 section, a "cotentant" means a person who resides with an eligible  
5 resident and who shares personal financial resources with the eligible  
6 resident.

7 (b) "Combined disposable income" means the disposable income of the  
8 person submitting the income verification form, plus the disposable  
9 income of his or her spouse, and the disposable income of each cotenant  
10 occupying the dwelling unit for the preceding calendar year, less  
11 amounts paid by the person submitting the income verification form or  
12 his or her spouse or cotenant during the previous year for the  
13 treatment or care of either person received in the dwelling unit or in  
14 a nursing home. If the person submitting the income verification form  
15 was retired for two months or more of the preceding year, the combined  
16 disposable income of such person shall be calculated by multiplying the  
17 average monthly combined disposable income of such person during the  
18 months such person was retired by twelve. If the income of the person  
19 submitting the income verification form is reduced for two or more  
20 months of the preceding year by reason of the death of the person's  
21 spouse, the combined disposable income of such person shall be  
22 calculated by multiplying the average monthly combined disposable  
23 income of such person after the death of the spouse by twelve.

24 (c) "Disposable income" means adjusted gross income as defined in  
25 the federal internal revenue code, as amended prior to January 1, 1989,  
26 or such subsequent date as the director may provide by rule consistent  
27 with the purpose of this section, plus all of the following items to  
28 the extent they are not included in or have been deducted from adjusted  
29 gross income:

30 (i) Capital gains, other than nonrecognized gain on the sale of a  
31 principal residence under section 1034 of the federal internal revenue  
32 code, or gain excluded from income under section 121 of the federal  
33 internal revenue code to the extent it is reinvested in a new principal  
34 residence;

35 (ii) Amounts deducted for loss;

36 (iii) Amounts deducted for depreciation;

37 (iv) Pension and annuity receipts;

38 (v) Military pay and benefits other than attendant-care and  
39 medical-aid payments;

- 1 (vi) Veterans benefits other than attendant-care and medical-aid  
2 payments;  
3 (vii) Federal social security act and railroad retirement benefits;  
4 (viii) Dividend receipts; and  
5 (ix) Interest received on state and municipal bonds.

6 (d) "Resident requiring assistance with activities of daily living"  
7 means a person who requires significant assistance with the activities  
8 of daily living and who would be at risk of nursing home placement  
9 without this assistance.

10 (e) "Home for the aging" means a residential housing facility that  
11 (i) provides a housing arrangement chosen voluntarily by the resident,  
12 the resident's guardian or conservator, or another responsible person;  
13 (ii) has only residents who are at least sixty-one years of age or who  
14 have needs for care generally compatible with persons who are at least  
15 sixty-one years of age; and (iii) provides varying levels of care and  
16 supervision, as agreed to at the time of admission or as determined  
17 necessary at subsequent times of reappraisal.

18 ~~((10))~~ (9) A for-profit home for the aging that converts to  
19 nonprofit status after June 11, 1992, and would otherwise be eligible  
20 for tax exemption under this section may not receive the tax exemption  
21 until five years have elapsed since the conversion. The exemption  
22 shall then be ratably granted over the next five years.

23 **Sec. 24.** RCW 84.36.161 and 1961 c 15 s 84.36.161 are each amended  
24 to read as follows:

25 RCW 84.36.140, 84.36.150, 84.36.160 and 84.36.162 shall not be  
26 construed to amend or repeal RCW 84.40.210 ~~((or 84.44.060))~~.

27 **Sec. 25.** RCW 84.36.353 and 1970 ex.s. c 81 s 2 are each amended to  
28 read as follows:

29 Unless a different meaning is plainly required by the context, the  
30 following term as ~~((hereinafter))~~ used in ~~((this chapter shall have))~~  
31 RCW 84.36.350 has the following meaning:

32 "Sheltered workshop" means rehabilitation facility, or that part of  
33 a rehabilitation facility operated by a nonprofit corporation, where  
34 any manufacture or handiwork is carried on and which is operated for  
35 the primary purpose of (1) providing gainful employment or  
36 rehabilitation services to the handicapped as an interim step in the  
37 rehabilitation process for those who cannot be readily absorbed in the

1 competitive labor market or during such time as employment  
2 opportunities for them in the competitive labor market do not exist; or  
3 (2) providing evaluation and work adjustment services for handicapped  
4 individuals.

5 **Sec. 26.** RCW 84.36.473 and 1983 1st ex.s. c 62 s 2 are each  
6 amended to read as follows:

7 Unless the context clearly requires otherwise, the definitions in  
8 this section apply ~~((throughout))~~ to RCW ~~((84.36.475—and))~~  
9 84.36.477~~((÷))~~.

10 (1) "Business inventories" means all livestock and means personal  
11 property not under lease or rental, acquired or produced solely for the  
12 purpose of sale or lease, or for the purpose of consuming such property  
13 in producing for sale or lease a new article of tangible personal  
14 property of which such property becomes an ingredient or component.  
15 Business inventories shall not mean personal property acquired or  
16 produced for the purpose of lease or rental if such property was leased  
17 or rented at any time during the calendar year immediately preceding  
18 the year of assessment and was not thereafter remanufactured, nor shall  
19 it include property held within the normal course of business for lease  
20 or rental for periods of less than thirty days. It shall not include  
21 agricultural or horticultural property fully or partially exempt under  
22 RCW 84.36.470 or timber which is standing on public land and which is  
23 sold under a contract entered into after August 1, 1982. It shall  
24 include inventories of finished goods and work in process. For  
25 purposes of this section, "remanufacturing" shall mean restoration of  
26 property to essentially original condition, but shall not mean normal  
27 maintenance or repairs.

28 (2) "Successor" shall have the meaning given to it in RCW  
29 82.04.180.

30 **Sec. 27.** RCW 84.36.800 and 1997 c 156 s 7 and 1997 c 143 s 2 are  
31 each reenacted and amended to read as follows:

32 As used in ~~((RCW 84.36.020, 84.36.030, 84.36.037, 84.36.040,~~  
33 ~~84.36.041, 84.36.050, 84.36.060, 84.36.550, 84.36.046, and 84.36.800~~  
34 ~~through 84.36.865))~~ this chapter:

35 (1) "Church purposes" means the use of real and personal property  
36 owned by a nonprofit religious organization for religious worship or

1 related administrative, educational, eleemosynary, and social  
2 activities. This definition is to be broadly construed;

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

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

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

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

21 **Sec. 28.** RCW 84.36.805 and 1997 c 156 s 8 and 1997 c 143 s 3 are  
22 each reenacted and amended to read as follows:

23 In order to be exempt pursuant to RCW 84.36.030, 84.36.035,  
24 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045, 84.36.046,  
25 84.36.047, 84.36.050, 84.36.060, 84.36.350, 84.36.480, and 84.36.550(~~7~~  
26 ~~and~~ ~~84.36.046~~)), the nonprofit organizations, associations or  
27 corporations shall satisfy the following conditions:

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

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

34 (i) The rents and donations received for the use of the portion of  
35 the property are reasonable and do not exceed the maintenance and  
36 operation expenses attributable to the portion of the property loaned  
37 or rented; and

1 (ii) Except for the exemptions under RCW 84.36.030(4) and  
2 84.36.037, the property would be exempt from tax if owned by the  
3 organization to which it is loaned or rented;

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

7 (2) The property is irrevocably dedicated to the purpose for which  
8 exemption has been granted, and on the liquidation, dissolution, or  
9 abandonment by said organization, association, or corporation, said  
10 property will not inure directly or indirectly to the benefit of any  
11 shareholder or individual, except a nonprofit organization,  
12 association, or corporation which too would be entitled to property tax  
13 exemption. This property need not be irrevocably dedicated if it is  
14 leased or rented to those qualified for exemption pursuant to RCW  
15 84.36.035, 84.36.040, 84.36.041, 84.36.043, or 84.36.046 or those  
16 qualified for exemption as an association engaged in the production or  
17 performance of musical, dance, artistic, dramatic, or literary works  
18 pursuant to RCW 84.36.060, but only if under the terms of the lease or  
19 rental agreement the nonprofit organization, association, or  
20 corporation receives the benefit of the exemption;

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

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

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

29 (6) The director of the department of revenue shall have access to  
30 its books in order to determine whether such organization, association,  
31 or corporation is exempt from taxes within the intent of RCW 84.36.030,  
32 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,  
33 84.36.046, 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480(~~7~~  
34 ~~and 84.36.046~~)).

35 **Sec. 29.** RCW 84.36.810 and 1997 c 156 s 9 and 1997 c 143 s 4 are  
36 each reenacted and amended to read as follows:

37 (1) Upon cessation of a use under which an exemption has been  
38 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,

1 84.36.043, 84.36.046, 84.36.050, 84.36.060, and 84.36.550(~~(, and~~  
2 ~~84.36.046)~~), the county treasurer shall collect all taxes which would  
3 have been paid had the property not been exempt during the three years  
4 preceding, or the life of such exemption, if such be less, together  
5 with the interest at the same rate and computed in the same way as that  
6 upon delinquent property taxes. Where the property has been granted an  
7 exemption for more than ten years, taxes and interest shall not be  
8 assessed under this section.

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

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

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

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

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

27 (e) Relocation of the activity and use of another location or site  
28 except for undeveloped properties of camp facilities exempted under RCW  
29 84.36.030;

30 (f) Cancellation of a lease on property that had been exempt under  
31 RCW 84.36.040, 84.36.041, 84.36.043, 84.36.046, or 84.36.060(~~(, or~~  
32 ~~84.36.046)~~);

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

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



1       **Sec. 30.** RCW 84.36.815 and 1994 c 123 s 1 are each amended to read  
2 as follows:

3       In order to qualify for exempt status for any real or personal  
4 property under this chapter except personal property under RCW  
5 84.36.600, all foreign national governments, (~~((churches,))~~) cemeteries,  
6 nongovernmental nonprofit corporations, organizations, and  
7 associations, (~~((private schools or colleges,))~~) and soil and water  
8 conservation districts shall file an initial application on or before  
9 March 31 with the state department of revenue. All applications shall  
10 be filed on forms prescribed by the department and shall be signed by  
11 an authorized agent of the applicant.

12       In order to requalify for exempt status, (~~((such))~~) all applicants  
13 except nonprofit cemeteries shall file an annual renewal declaration on  
14 or before March 31 each year. The renewal declaration shall be on  
15 forms prescribed by the department of revenue and shall contain an  
16 affidavit certifying the exempt status of the real or personal property  
17 owned by the exempt organization. When an organization acquires real  
18 property qualified for exemption or converts real property to exempt  
19 status, such organization shall file an initial application for the  
20 property within sixty days following the acquisition or conversion. If  
21 the application is filed after the expiration of the sixty-day period  
22 a late filing penalty shall be imposed pursuant to RCW 84.36.825, as  
23 now or hereafter amended.

24       When organizations acquire real property qualified for exemption or  
25 convert real property to an exempt use, the property, upon approval of  
26 the application for exemption, is entitled to a property tax exemption  
27 for property taxes due and payable the following year. If the owner  
28 has paid taxes for the year following the year the property qualified  
29 for exemption, the owner is entitled to a refund of the amount paid on  
30 the property so acquired or converted.

31       **Sec. 31.** RCW 84.36.825 and 1994 c 123 s 2 are each amended to read  
32 as follows:

33       An application fee of thirty-five dollars for each initial  
34 application and eight dollars and seventy-five cents for each annual  
35 renewal declaration shall be required and shall be deposited within the  
36 general fund. The department of revenue may waive the application or  
37 declaration fee related to the property of any church or cemetery  
38 applying for exemption under the provisions of RCW 84.36.020 whose

1 gross receipts related to the use of such property for exempt purposes  
2 did not exceed two thousand five hundred dollars during the calendar  
3 year preceding the application year. (~~Applications made for~~  
4 ~~assessment year 1974, if approved, shall be considered initial~~  
5 ~~applications whether or not an exemption has previously been~~  
6 ~~approved.)) A late filing penalty of ten dollars per month for each  
7 month an application or declaration is past due shall be required and  
8 shall be deposited in the general fund.~~

9       **Sec. 32.** RCW 84.36.835 and 1973 2nd ex.s. c 40 s 13 are each  
10 amended to read as follows:

11       On or before August 31st, the department of revenue shall prepare  
12 a list by county of those properties exempted by the department under  
13 (~~chapter 40, Laws of 1973 2nd ex. sess.,~~) this chapter and shall  
14 forward a list to each county assessor of the property exempt in that  
15 county.

16       NEW SECTION. **Sec. 33.** The intent of sections 1 and 4 of this act  
17 is to clarify the original intent of sections 5 and 21, chapter 106,  
18 Laws of 1997 and shall not be construed otherwise. Therefore, sections  
19 1 and 4 of this act apply retroactively to July 27, 1997.

20       NEW SECTION. **Sec. 34.** The following acts or parts of acts are  
21 each repealed:

- 22       (1) RCW 70.95.510 and 1989 c 431 s 92 & 1985 c 345 s 5; and  
23       (2) RCW 84.36.330 and 1969 ex.s. c 124 s 4.

--- END ---