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ENGROSSED SUBSTITUTE HOUSE BILL 2191

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State of Washington

57th Legislature

2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Morris, Sehlin, Lisk and Fromhold)

Read first time 03/08/2001. Referred to Committee on .

1 AN ACT Relating to property tax exemptions for property leased by  
2 public entities; amending RCW 84.36.040, 84.36.050, and 84.36.815;  
3 reenacting and amending RCW 84.36.810; and creating a new section.

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

5 **Sec. 1.** RCW 84.36.040 and 1989 c 379 s 1 are each amended to read  
6 as follows:

7 (1) The real and personal property used by nonprofit (a) day care  
8 centers as defined pursuant to RCW 74.15.020; (b) free public  
9 libraries; (c) orphanages and orphan asylums; (d) homes for the sick or  
10 infirm; (e) hospitals for the sick; and (f) outpatient dialysis  
11 facilities, which are used for the purposes of such organizations shall  
12 be exempt from taxation: PROVIDED, That the benefit of the exemption  
13 inures to the user.

14 (2) The real and personal property leased to and used by a  
15 hospital, owned and operated by a public hospital district established  
16 under chapter 70.44 RCW, for hospital purposes is exempt from taxation.  
17 The benefit of the exemption must inure to the user.

1       (3) To be exempt under this section, the property must be used  
2 exclusively for the purposes for which exemption is granted, except as  
3 provided in RCW 84.36.805.

4       **Sec. 2.** RCW 84.36.050 and 1984 c 220 s 5 are each amended to read  
5 as follows:

6       The following property (~~(shall be)~~) is exempt from taxation:

7       (1) Property owned or used for any nonprofit school or college in  
8 this state for educational purposes or cultural or art educational  
9 programs as defined in RCW 82.04.4328. Real property so exempt shall  
10 not exceed four hundred acres in extent and, except as provided in RCW  
11 84.36.805, shall be used exclusively for college or campus purposes  
12 including but not limited to, buildings and grounds designed for the  
13 educational, athletic, or social programs of (~~(said)~~) the institution,  
14 the housing of students, the housing of religious faculty, the housing  
15 of the chief administrator, athletic buildings and all other school or  
16 college facilities, the need for which would be nonexistent but for the  
17 presence of (~~(such)~~) the school or college and which are principally  
18 designed to further the educational functions of (~~(such)~~) the college  
19 or schools. If the property is leased, the benefit of the exemption  
20 (~~(shall)~~) must inure to the user;

21       (2) Real or personal property owned by a not-for-profit foundation  
22 that is established for the exclusive support of an institution of  
23 higher education, as defined in RCW 28B.10.016. The property is exempt  
24 if it is leased to and used by the institution exclusively for college  
25 or campus purposes and is principally designed to further the  
26 educational functions of the institution. The exemption is only  
27 available for property actively utilized by currently enrolled  
28 students. The benefit of the exemption must inure to the user.

29       **Sec. 3.** RCW 84.36.810 and 1999 c 203 s 3 and 1999 c 139 s 4 are  
30 each reenacted and amended to read as follows:

31       (1)(a) Upon cessation of a use under which an exemption has been  
32 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,  
33 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550,  
34 84.36.560, and 84.36.570, except as provided in (b) of this subsection,  
35 the county treasurer shall collect all taxes which would have been paid  
36 had the property not been exempt during the three years preceding, or  
37 the life of such exemption, if such be less, together with the interest

1 at the same rate and computed in the same way as that upon delinquent  
2 property taxes. If the property has been granted an exemption for more  
3 than ten consecutive years, taxes and interest shall not be assessed  
4 under this section.

5 (b) Upon cessation of use by an institution of higher education of  
6 property exempt under RCW 84.36.050(2) the county treasurer shall  
7 collect all taxes which would have been paid had the property not been  
8 exempt during the seven years preceding, or the life of the exemption,  
9 whichever is less.

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

15 (a) Transfer to a nonprofit organization, association, or  
16 corporation for a use which also qualifies and is granted exemption  
17 under this chapter;

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

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

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

28 (e) Relocation of the activity and use of another location or site  
29 except for undeveloped properties of camp facilities exempted under RCW  
30 84.36.030;

31 (f) Cancellation of a lease on leased property that had been exempt  
32 under this chapter or RCW 84.36.560; or

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 (3) Subsections (2)(e) and (f) of this section do not apply to  
36 property leased to a state institution of higher education and exempt  
37 under RCW 84.36.050(2).

1       **Sec. 4.** RCW 84.36.815 and 1998 c 311 s 27 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((~~τ~~)); cemeteries((~~τ~~));  
6 nongovernmental nonprofit corporations, organizations, and  
7 associations((~~τ~~)); hospitals owned and operated by a public hospital  
8 district for purposes of exemption under RCW 84.36.040(2); and soil and  
9 water conservation districts shall file an initial application on or  
10 before March 31 with the state department of revenue. All applications  
11 shall be filed on forms prescribed by the department and shall be  
12 signed by an authorized agent of the applicant.

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

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

32       NEW SECTION.   **Sec. 5.** This act applies to taxes levied for  
33 collection in 2002 and thereafter.

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