

WAC 458-16-230 Character building organizations. (1) **Introduction.** This rule explains the property tax exemption available under the provisions of RCW 84.36.030(3) to property owned by a nonprofit organization or association engaged in character building of children under eighteen years of age.

(2) **Definitions.** For purposes of this rule, the following definitions apply:

(a) "Character building" refers to activities for children under eighteen years of age that are for the general public good. The activities may build, improve, or enhance a child's moral constitution by developing moral or ethical strength, leadership, integrity, self-discipline, fortitude self-esteem, and reputation. For example, "character building" activities may involve organized and supervised recreational activities including, but not limited to, exploring, hiking, beachcombing, swimming, fishing, studying, and discussion groups.

(b) "Commercial" refers to an activity or enterprise that has profit making as its primary purpose.

(c) "Property" means real and personal property owned and used by a nonprofit organization or association engaged in character building of children under eighteen years of age and includes all buildings, structures, and improvements required to maintain and to safeguard the property.

(3) **Exemption.** Property owned by nonprofit organizations or associations engaged in character building of children under eighteen years of age is exempt from taxation if it is exclusively used to promote character building.

(a) To be entitled to receive this exemption, the organization or association must be nonprofit and its purpose must be for the general public good. All property of a character building organization or association must be devoted to the general public benefit.

(b) Except as otherwise provided in this rule, only property that is exclusively used for character building of children under eighteen years of age, is exempt under this rule. If the property is used for any other purpose, whether commercial or otherwise, it must be segregated and taxed.

(c) A nonprofit character building organization or association may also qualify for this exemption if, prior to 1971, its articles of incorporation or charter mandated the organization or association to provide services to children up to the age of twenty-one years.

(4) **Property with option to repurchase.** Property leased, loaned, or sold with the option to repurchase or made available to organizations described in RCW 84.36.030 does not qualify for this exemption unless:

(a) The property is owned by an organization exempt under RCW 84.36.020 or 84.36.030 and the organization loans, leases, or rents the property to another organization for the exempt purposes described in RCW 84.36.030; or

(b) The property is owned by an entity formed exclusively for the purpose of leasing the property to an organization that will use the property for the exempt purposes described in RCW 84.36.030 if:

(i) The lessee uses the property for the exempt purposes provided in RCW 84.36.030;

(ii) The immediate previous owner of the property had received an exemption under RCW 84.36.020 or 84.36.030 for the property; and

(iii) The benefit of the exemption inures to the benefit of the lessee organization.

(5) **Additional requirements.** Any organization or association that applies for a property tax exemption under this rule must also comply with the provisions of WAC 458-16-165. WAC 458-16-165 provides additional conditions and requirements that must be complied with to obtain a property tax exemption pursuant to RCW 84.36.030.

(6) **Related statute.** See RCW 82.04.4271; if a "nonprofit youth organization" is exempt from property taxation under RCW 84.36.030, it may deduct membership fees and certain service fees in calculating the amount of business and occupation tax due.

[Statutory Authority: RCW 84.08.010, 84.08.070, 84.08.080, 84.36.389, and 84.36.865. WSR 15-07-021, § 458-16-230, filed 3/10/15, effective 4/10/15. Statutory Authority: RCW 84.08.010, 84.08.070 and chapter 84.36 RCW. WSR 94-07-008, § 458-16-230, filed 3/3/94, effective 4/3/94. Statutory Authority: RCW 84.36.865. WSR 86-12-034 (Order PT 86-2), § 458-16-230, filed 5/30/86; WSR 85-05-025 (Order PT 85-1), § 458-16-230, filed 2/15/85; Order PT 77-2, § 458-16-230, filed 5/23/77; Order PT 76-2, § 458-16-230, filed 4/7/76. Formerly WAC 458-12-210.]