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HOUSE BILL 1949

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State of Washington

53rd Legislature

1993 Regular Session

By Representatives Morris, Wang, Appelwick, Brough, Rust, Foreman, Springer, Peery, Ogden, Dunshee, Sommers, G. Cole, G. Fisher, R. Meyers, Riley, Mastin, Quall, Kessler, Romero, Karahalios, Shin, Basich, Heavey, Zellinsky, Ludwig, Roland, L. Johnson, Orr, Valle, Flemming, Bray, Holm, Hansen, Rayburn, Wolfe, Anderson, Finkbeiner, H. Myers, R. Fisher, Locke, Brown, Sheldon, Johanson, Veloria, Cothorn, Scott, Leonard, Jacobsen, R. Johnson, King, Linville, Pruitt, Eide, Campbell, Grant, J. Kohl and Patterson

Read first time 02/17/93. Referred to Committee on Revenue.

1 AN ACT Relating to political activities of organizations exempt  
2 from property taxes; adding a new section to chapter 84.36 RCW; and  
3 creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that exemption from  
6 property tax is a privilege granted to certain types of organizations  
7 because their organizational purposes are basically altruistic,  
8 religious, or educational. The legislature further finds that, because  
9 of the nature of the state's property tax system, the exemption for the  
10 nonprofit organization is a form of subsidy because the amount exempted  
11 is redistributed to other citizens' property tax bills. They, in turn,  
12 pay the cost of public services provided to the tax exempt  
13 organizations.

14 The legislature further finds that in exchange for the privilege of  
15 exemption from property taxes certain prohibitions on activities of tax  
16 exempt organizations are fair and appropriate. Nonprofit exempt  
17 organizations, associations, or corporations, in order to continue to  
18 receive the form of public subsidy represented by a property tax  
19 exemption, and in order to continue to provide service to the general

1 public, should remain neutral with respect to activities that affect  
2 political campaigns on behalf of, in support of, or in opposition to,  
3 a political candidate or group of political candidates.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW  
5 to read as follows:

6 (1) Except as specified in subsection (4) of this section, a  
7 nonprofit organization, association, or corporation exempt from  
8 property tax under any of the provisions of this chapter shall not use  
9 its financial or physical resources to engage in prohibited political  
10 activities. If any such nonprofit organization, association, or  
11 corporation engages in prohibited political activity, the real and  
12 personal property of the nonprofit organization, association, or  
13 corporation is subject to taxation. For purposes of this section, the  
14 following definitions apply:

15 (a) "Prohibited political activities" means direct or indirect  
16 intervention in a political campaign on behalf of, in support of, or in  
17 opposition to, a political candidate or group of political candidates  
18 and includes but is not limited to:

19 (i) Displaying or distributing posters, pamphlets, or signs on  
20 behalf of, in support of, or in opposition to a political candidate or  
21 a group of political candidates;

22 (ii) Soliciting funds or other resources to be used on behalf of,  
23 in support of, or in opposition to a political candidate or a group of  
24 political candidates;

25 (iii) Contributing funds or other resources to be used on behalf  
26 of, in support of, or in opposition to a political candidate or a group  
27 of political candidates;

28 (iv) Printing or distributing written or printed materials on  
29 behalf of, in support of, or in opposition to a political candidate or  
30 a group of political candidates;

31 (v) Using bulletins, newsletters, or other written or printed  
32 materials of an exempt organization, association, or corporation to  
33 promote, or to support, promote, or oppose a political candidate or a  
34 group of political candidates;

35 (vi) Using a vehicle of an exempt organization, association, or  
36 corporation to transport members or others to an event or rally on  
37 behalf of, in support of, or in opposition to a political candidate or  
38 a group of political candidates;

1 (vii) Using tax exempt property as an assembly site or gathering  
2 area for an event or rally, on behalf of, in support of, or in  
3 opposition to a political candidate or a group of political candidates;  
4 and

5 (viii) Using equipment or supplies of an exempt organization,  
6 association, or corporation to produce, reproduce, or distribute  
7 written or printed materials on behalf of, in support of, or in  
8 opposition to a political candidate or a group of political candidates.

9 (b) "Political candidate" means an individual who offers himself or  
10 herself, or is proposed by others, as a contestant for an elective  
11 office, whether such office is national, state, or local.

12 (2) An exempt organization, association, or corporation's property  
13 tax exemption will not be revoked as the result of an inadvertent  
14 violation of the provisions of this section, if the inadvertent  
15 violation is not part of a pattern of violation. An inadvertent  
16 violation repeated in the same or successive assessment years is  
17 presumed to be a pattern of violation.

18 (3) If an exempt organization, association, or corporation engages  
19 in prohibited political activity, the following sanctions shall apply:

20 (a) Upon any violation of this section, the department of revenue  
21 shall issue a notice in writing to the exempt organization,  
22 association, or corporation indicating the nature of the alleged  
23 violation. The organization shall have thirty days to respond. If,  
24 after considering relevant information, the department of revenue finds  
25 that the exempt organization, association, or corporation has engaged  
26 in prohibited activity, the department shall issue a notice in writing.  
27 The notice shall indicate the nature of the violation and a warning  
28 that further or additional violation of this section shall result in  
29 revocation of exemption. The exempt organization, association, or  
30 corporation may appeal the department's finding in accordance with the  
31 provisions of RCW 34.05.413 through 34.05.476.

32 (b) A further or additional violation of this section after the  
33 warning has been issued shall result in revocation of exemption.

34 (c) An appeal from the revocation decision of the department shall  
35 be made to the department within thirty days of mailing of the  
36 decision. The department shall provide by rule for hearing of the  
37 appeal in accordance with the provisions of RCW 34.05.413 through  
38 34.05.476. A further appeal from an adverse decision of the department  
39 may be made in accordance with RCW 84.36.850.

1 (d) The nonprofit organization, association, or corporation shall  
2 not be allowed to reapply for property tax exemption during the  
3 remainder of the year in which the revocation decision under this  
4 section was issued, and for one additional assessment year.

5 (4) Organizations exempt from taxation under RCW 84.36.050 are  
6 exempt from subsection (1) of this section.

7 (5) Nothing in this section may be construed to prohibit political  
8 activity or limit freedom of speech of individual members of a  
9 nonprofit organization, association, or corporation exempt under this  
10 chapter.

11 (6) Nothing in this section may be construed as a prohibition on an  
12 exempt organization's ability to hold candidate forums where all  
13 candidates are given equal opportunity to express their views and  
14 distribute materials.

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