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HOUSE BILL 2051

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State of Washington

56th Legislature

1999 Regular Session

By Representatives Morris, Quall, Barlean, Anderson, Ogden, Linville and D. Schmidt

Read first time 02/15/1999. Referred to Committee on Finance.

1 AN ACT Relating to tax exemptions for nonprofit camps and nonprofit  
2 retreat centers; amending RCW 82.04.363; reenacting and amending RCW  
3 84.36.805 and 84.36.810; adding a new section to chapter 84.36 RCW; and  
4 providing an effective date.

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

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

8 All real and personal property owned by a nonprofit organization,  
9 association, or corporation qualified for exemption under section  
10 501(c)(3) of the internal revenue code of 1986 (26 U.S.C. Sec.  
11 501(c)(3)) that is operated as a camp facility or retreat center is  
12 exempt from property tax if the following conditions are met:

13 (1) The property is used by:

14 (a) A nonprofit organization, association, or corporation that is  
15 qualified for exemption under section 501(c)(3) or (c)(4) of the  
16 internal revenue code of 1986 (26 U.S.C. Sec. 501(c)(3) or (c)(4));

17 (b) A corporation organized under an act of congress that is an  
18 instrumentality of the United States and is qualified for exemption

1 under section 501(c)(1) of the internal revenue code of 1986 (26 U.S.C.  
2 Sec. 501(c)(1));

3 (c) An instrumentality of the United States, the state, a county,  
4 a city or town, a municipal corporation, or other foreign sovereign  
5 nations;

6 (d) A nonprofit recognized church or a nonprofit recognized  
7 religious denomination or member congregation of such a denomination;  
8 or

9 (e) The nonprofit organization, association, or corporation that  
10 owns the subject property;

11 (2) The property must be wholly used as a camp or retreat facility;  
12 and

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

17 (a) The collection of rent or donations if the amount is reasonable  
18 and does not exceed maintenance and operation expenses created by the  
19 user;

20 (b) Fund-raising activities conducted by a nonprofit organization;  
21 or

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

24 **Sec. 2.** RCW 84.36.805 and 1998 c 311 s 25, 1998 c 202 s 3, and  
25 1998 c 184 s 2 are each reenacted and amended to read as follows:

26 (1) In order to (~~be exempt pursuant to RCW 84.36.030, 84.36.035,~~  
27 ~~84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045, 84.36.046,~~  
28 ~~84.36.047, 84.36.050, 84.36.060, 84.36.350, 84.36.480, 84.36.550, and~~  
29 ~~84.36.042)~~ qualify for an exemption under this chapter, the nonprofit  
30 organizations, associations or corporations (~~shall~~) must satisfy the  
31 (~~following~~) conditions(~~(+)~~) in this section.

32 (~~(1)~~) (2) The property (~~is~~) must be used exclusively for the  
33 actual operation of the activity for which exemption is granted, unless  
34 otherwise provided, and does not exceed an amount reasonably necessary  
35 for that purpose, except:

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

1 (i) The rents and donations received for the use of the portion of  
2 the property are reasonable and do not exceed the maintenance and  
3 operation expenses attributable to the portion of the property loaned  
4 or rented; and

5 (ii) Except for the exemptions under RCW 84.36.030(4) ~~((and)),~~  
6 84.36.037, and section 1 of this act, the property would be exempt from  
7 tax if owned by the organization to which it is loaned or rented;

8 (b) The use of the property for fund-raising activities does not  
9 subject the property to tax if the fund-raising activities are  
10 consistent with the purposes for which the exemption is granted~~((+))~~.

11 ~~((+2))~~ (3) The property ~~((is))~~ must be irrevocably dedicated to  
12 the purpose for which exemption has been granted, and on the  
13 liquidation, dissolution, or abandonment by said organization,  
14 association, or corporation, said property will not inure directly or  
15 indirectly to the benefit of any shareholder or individual, except a  
16 nonprofit organization, association, or corporation which too would be  
17 entitled to property tax exemption. This property need not be  
18 irrevocably dedicated if it is leased or rented to those qualified for  
19 exemption ~~((pursuant to RCW 84.36.035, 84.36.040, 84.36.041, 84.36.043,~~  
20 ~~84.36.045, 84.36.046, or 84.36.042 or those qualified for exemption as~~  
21 ~~an association engaged in the production or performance of musical,~~  
22 ~~dance, artistic, dramatic, or literary works pursuant to RCW~~  
23 ~~84.36.060))~~ under this chapter for leased property, but only if under  
24 the terms of the lease or rental agreement the nonprofit organization,  
25 association, or corporation receives the benefit of the exemption~~((+))~~.

26 ~~((+3))~~ (4) The facilities and services ~~((are))~~ must be available  
27 to all regardless of race, color, national origin or ancestry~~((+))~~.

28 ~~((+4))~~ (5) The organization, association, or corporation ~~((is))~~  
29 must be duly licensed or certified where such licensing or  
30 certification is required by law or regulation~~((+))~~.

31 ~~((+5))~~ (6) Property sold to organizations, associations, or  
32 corporations with an option to be repurchased by the seller shall not  
33 qualify for exempt status~~((+))~~.

34 ~~((+6))~~ (7) The ~~((director of the))~~ department ~~((of revenue))~~ shall  
35 have access to its books in order to determine whether ~~((such))~~ the  
36 nonprofit organization, association, or corporation is exempt from  
37 taxes ~~((within the intent of RCW 84.36.030, 84.36.035, 84.36.037,~~  
38 ~~84.36.040, 84.36.041, 84.36.043, 84.36.045, 84.36.046, 84.36.047,~~

1 ~~84.36.050, 84.36.060, 84.36.350, 84.36.480, and 84.36.042~~) under this  
2 chapter.

3 (8) This section does not apply to exemptions granted under RCW  
4 84.36.020, 84.36.032, 84.36.250, and 84.36.260.

5 **Sec. 3.** RCW 84.36.810 and 1998 c 311 s 26 and 1998 c 202 s 4 are  
6 each reenacted and amended to read as follows:

7 (1) Upon cessation of a use under which an exemption has been  
8 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,  
9 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550, and  
10 ~~((84.36.042))~~ section 1 of this act, the county treasurer shall collect  
11 all taxes which would have been paid had the property not been exempt  
12 during the three years preceding, or the life of such exemption, if  
13 such be less, together with the interest at the same rate and computed  
14 in the same way as that upon delinquent property taxes. ~~((Where))~~ When  
15 the property has been granted an exemption for more than ten  
16 consecutive years, taxes and interest shall not be assessed under this  
17 section.

18 (2) Subsection (1) of this section applies only when ownership of  
19 the property is transferred or when fifty-one percent or more of the  
20 area of the property ~~((has lost))~~ loses its exempt status. The  
21 additional tax under subsection (1) of this section shall not be  
22 imposed if the cessation of use resulted solely from:

23 (a) Transfer to a nonprofit organization, association, or  
24 corporation for a use which also qualifies and is granted exemption  
25 under ~~((the provisions of))~~ this chapter ~~((84.36 RCW))~~;

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

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

32 (d) A natural disaster such as a flood, windstorm, earthquake, or  
33 other such calamity rather than by virtue of the act of the  
34 organization, association, or corporation changing the use of such  
35 property;

36 (e) Relocation of the activity and use of another location or site  
37 except for undeveloped properties of camp facilities exempted under RCW  
38 84.36.030;

1 (f) Cancellation of a lease on leased property that had been exempt  
2 under ((RCW ~~84.36.040, 84.36.041, 84.36.043, 84.36.046, 84.36.060, or~~  
3 ~~84.36.042~~)) this chapter; or

4 (g) A change in the exempt portion of a home for the aging under  
5 RCW 84.36.041(3), as long as some portion of the home remains exempt((~~+~~

6 ~~(h) The conversion of a full exemption of a home for the aging to~~  
7 ~~a partial exemption or taxable status or the conversion of a partial~~  
8 ~~exemption to taxable status under RCW 84.36.041(8))~~).

9 **Sec. 4.** RCW 82.04.363 and 1997 c 388 s 1 are each amended to read  
10 as follows:

11 This chapter does not apply to amounts received by a nonprofit  
12 organization from the sale or furnishing of the following items at a  
13 camp or conference center conducted on property exempt from property  
14 tax under RCW 84.36.030 (1), (2), or (3) or section 1 of this act:

15 (1) Lodging, conference and meeting rooms, camping facilities,  
16 parking, and similar licenses to use real property;

17 (2) Food and meals;

18 (3) Books, tapes, and other products that are available exclusively  
19 to the participants at the camp, conference, or meeting and are not  
20 available to the public at large.

21 NEW SECTION. **Sec. 5.** Section 4 of this act takes effect October  
22 1, 1999.

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