
Finance Committee

SB 6280

Brief Description: Removing the irrevocable dedication requirement for exemption from property taxes for nonprofit entities.

Sponsors: Senator Regala.

Brief Summary of Bill

- Eliminates the requirement that property owned by a nonprofit organization and eligible for property tax exemption must be irrevocably dedicated to the purpose for which the exemption was granted.

Hearing Date: 2/20/06

Staff: Bob Longman (786-7139).

Background:

All property in this state is subject to property tax each year based on the property's value, unless a specific exemption is provided by law. Several property tax exemptions exist for nonprofit organizations. Examples of nonprofit property tax exemptions are: schools and colleges; character building, benevolent, protective or rehabilitative social service organizations providing services for all ages; churches and church camps; youth character-building organizations; war veterans organizations; national and international relief organizations; federal guaranteed student loan organizations; blood, bone and tissue banks; public assembly halls and meeting places; medical research or training facilities; art, scientific, and historical collections; sheltered workshops; fair associations; humane societies; water distribution property; radio/television rebroadcast facilities; fire company property; day-care centers; free public libraries; orphanages; nursing homes; hospitals; outpatient dialysis facilities; homes for the aging; performing arts properties; and homeless shelters.

Exempt nonprofit property must be used exclusively for the purpose for which the exemption was granted, with a few exceptions. In addition, the property must be irrevocably dedicated to the purpose for which the exemption was granted. In other words, upon liquidation, dissolution, or abandonment by a nonprofit organization, the property may not benefit any shareholder or individual except a nonprofit organization that would be entitled to a property tax exemption if it applied for one. This requirement does not apply to leased property.

Summary of Bill:

The irrevocable dedication requirement for property tax exemption for nonprofit organizations is eliminated.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.