

SENATE BILL REPORT

SB 5756

As Reported By Senate Committee On:
International Trade & Economic Development, March 1, 2005

Title: An act relating to property tax exemptions for nonprofit organizations for small business incubators which assist in the creation and expansion of innovative small commercial enterprises.

Brief Description: Providing a property tax exemption for nonprofit organizations that assist small businesses.

Sponsors: Senators Sheldon, Shin and Rasmussen.

Brief History:

Committee Activity: International Trade & Economic Development: 2/15/05, 3/1/05 [DPS-WM].

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5756 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide, Roach and Zarelli.

Staff: Joyce Ahlering (360-786-7486)

Background: All real and personal property in this state is subject to an annual property tax based on the property's value, unless a specific exemption is provided by law. Property tax exemptions exist for many nonprofit organizations, including hospitals, war veterans associations, schools and colleges, and social service organizations.

Summary of Substitute Bill: Real and personal property tax exemptions are provided for nonprofit organizations whose property is used to train or employ economically disadvantaged people engaged in business startup or expansion. In addition, exemptions are provided for property that furnishes entrepreneurs with shared use equipment, workspace, and technical resources.

To qualify for this property tax exemption, the organization cannot be associated with any religious denomination, it must be exempt under 501(c)(3) or 501(c)(6) of the Internal Revenue Code, and it must be governed by a volunteer board of directors with five or more members.

The provisions of this bill apply to taxes levied for collection starting in 2006.

Substitute Bill Compared to Original Bill: In addition to 501(c)(3) organizations, 501(c)(6) organizations are added to the property tax exemption for facilities that assist small businesses.

Appropriation: None.

Fiscal Note: Requested on February 11, 2005.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Some small business incubators in the state pay a disproportionate amount of property taxes in relation to their annual budgets. This bill ensures that organizations helping small businesses are able to stay in operation.

Testimony Against: None.

Who Testified: PRO: Jamie Beletz, Washington Association of Small Business Incubators.