
HOUSE BILL 1981

State of Washington 53rd Legislature 1993 Regular Session

By Representative Kremen

Read first time 02/19/93. Referred to Committee on Revenue.

1 AN ACT Relating to tax exemptions of government property leased to
2 nonprofit organizations or associations; amending RCW 84.36.031 and
3 84.36.810; and reenacting and amending RCW 84.36.805.

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

5 **Sec. 1.** RCW 84.36.031 and 1969 c 137 s 2 are each amended to read
6 as follows:

7 (1) Property leased, loaned, sold with the option to repurchase, or
8 otherwise made available to organizations as set out in RCW 84.36.030
9 above shall not be exempt from taxation: PROVIDED, That property which
10 is owned by an organization as set out in RCW 84.36.030 may loan the
11 property to another organization for the same purpose as set out in RCW
12 84.36.030.

13 (2) Notwithstanding subsection (1) of this section, property owned
14 by a governmental agency and leased, loaned, or otherwise made
15 available to an organization set out in RCW 84.36.030(1), for public
16 recreational uses in conjunction with the organization's exempt
17 activities, is exempt from taxation.

1 **Sec. 2.** RCW 84.36.805 and 1990 c 283 ss 3 and 7 are each reenacted
2 and amended to read as follows:

3 In order to be exempt pursuant to RCW 84.36.030, 84.36.031(2),
4 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
5 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480, the
6 nonprofit organizations, associations or corporations shall satisfy the
7 following conditions:

8 (1) The property is used exclusively for the actual operation of
9 the activity for which exemption is granted, unless otherwise provided,
10 and does not exceed an amount reasonably necessary for that purpose,
11 except:

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

14 (i) The rents and donations received for the use of the portion of
15 the property are reasonable and do not exceed the maintenance and
16 operation expenses attributable to the portion of the property loaned
17 or rented; and

18 (ii) Except for the exemptions under RCW 84.36.030(4),
19 84.36.031(2), and 84.36.037, the property would be exempt from tax if
20 owned by the organization to which it is loaned or rented;

21 (b) The use of the property for fund-raising activities does not
22 subject the property to tax if the fund-raising activities are
23 consistent with the purposes for which the exemption is granted;

24 (2) The property is irrevocably dedicated to the purpose for which
25 exemption has been granted, and on the liquidation, dissolution, or
26 abandonment by said organization, association, or corporation, said
27 property will not inure directly or indirectly to the benefit of any
28 shareholder or individual, except a nonprofit organization,
29 association, or corporation which too would be entitled to property tax
30 exemption: PROVIDED, That the property need not be irrevocably
31 dedicated if it is leased or rented to those qualified for exemption
32 pursuant to RCW 84.36.040, 84.36.041, or 84.36.043 or those qualified
33 for exemption as an association engaged in the production or
34 performance of musical, dance, artistic, dramatic, or literary works
35 pursuant to RCW 84.36.060, but only if under the terms of the lease or
36 rental agreement the nonprofit organization, association, or
37 corporation receives the benefit of the exemption;

38 (3) The facilities and services are available to all regardless of
39 race, color, national origin or ancestry;

1 (4) The organization, association, or corporation is duly licensed
2 or certified where such licensing or certification is required by law
3 or regulation;

4 (5) Property sold to organizations, associations, or corporations
5 with an option to be repurchased by the seller shall not qualify for
6 exempt status;

7 (6) The director of the department of revenue shall have access to
8 its books in order to determine whether such organization, association,
9 or corporation is exempt from taxes within the intent of RCW 84.36.030,
10 84.36.031(2), 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043,
11 84.36.045, 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480.

12 **Sec. 3.** RCW 84.36.810 and 1990 c 283 s 4 are each amended to read
13 as follows:

14 (1) Upon cessation of a use under which an exemption has been
15 granted pursuant to RCW 84.36.030, 84.36.031(2), 84.36.037, 84.36.040,
16 84.36.041, 84.36.043, 84.36.050, and 84.36.060, the county treasurer
17 shall collect all taxes which would have been paid had the property not
18 been exempt during the three years preceding, or the life of such
19 exemption, if such be less, together with the interest at the same rate
20 and computed in the same way as that upon delinquent property taxes:
21 PROVIDED, That where the property has been granted an exemption for
22 more than ten years, taxes and interest shall not be assessed under
23 this section.

24 (2) Subsection (1) of this section applies only when ownership of
25 the property is transferred or when fifty-one percent or more of the
26 area of the property has lost its exempt status. The additional tax
27 under subsection (1) of this section shall not be imposed if the
28 cessation of use resulted solely from:

29 (a) Transfer to a nonprofit organization, association, or
30 corporation for a use which also qualifies and is granted exemption
31 under the provisions of chapter 84.36 RCW;

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

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

1 (d) A natural disaster such as a flood, windstorm, earthquake, or
2 other such calamity rather than by virtue of the act of the
3 organization, association, or corporation changing the use of such
4 property;

5 (e) Relocation of the activity and use of another location or site
6 except for undeveloped properties of camp facilities exempted under RCW
7 84.36.030;

8 (f) Cancellation of a lease on property that had been exempt under
9 RCW 84.36.031(2), 84.36.040, 84.36.041, 84.36.043, or 84.36.060;

10 (g) A change in the exempt portion of a home for the aging under
11 RCW 84.36.041(2), as long as some portion of the home remains exempt;

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

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