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SENATE BILL 5134

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State of Washington                      53rd Legislature                      1993 Regular Session

By Senators Haugen, Barr, Snyder, Oke, Winsley, Roach and Erwin

Read first time 01/14/93. Referred to Committee on Ways & Means.

1            AN ACT Relating to property taxation of real or personal property  
2 owned by nonprofit organizations, associations, and corporations; and  
3 amending RCW 84.36.037 and 84.36.030.

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

5            **Sec. 1.** RCW 84.36.037 and 1987 c 505 s 80 are each amended to read  
6 as follows:

7            (1) Real or personal property owned by a nonprofit organization,  
8 association, or corporation in connection with the operation of a  
9 public assembly hall or meeting place is exempt from taxation. The  
10 area exempt under this section includes the building or buildings, the  
11 land under the buildings, and an additional area necessary for parking,  
12 not exceeding a total of one acre: PROVIDED, That for property  
13 essentially unimproved except for restroom facilities and structures on  
14 such property which has been used primarily for annual community  
15 celebration events for at least ten years, such exempt property shall  
16 not exceed twenty-nine acres.

17            (2) To qualify for this exemption the property must be used  
18 exclusively for public gatherings and be available to all organizations  
19 or persons desiring to use the property, but the owner may impose

1 conditions and restrictions which are necessary for the safekeeping of  
2 the property and promote the purposes of this exemption. Membership  
3 shall not be a prerequisite for the use of the property.

4 (3) The use of the property for pecuniary gain or to promote  
5 business activities, except ((fund raising activities conducted by a  
6 nonprofit organization)) as provided in this section, nullifies the  
7 exemption otherwise available for the property for the assessment year.  
8 The exemption is not nullified by:

9 (a) The collection of rent or donations if the amount is reasonable  
10 and does not exceed maintenance and operation expenses created by the  
11 user.

12 (b) Fund-raising activities conducted by a nonprofit organization.

13 (c) A use for pecuniary gain by an individual, if the amount of  
14 pecuniary gain received by the individual as a result of the use is  
15 less than one thousand dollars per month. For the purposes of this  
16 subsection, "pecuniary gain" means the sum of the gross proceeds of  
17 sales, gross income of the business, and value of products, as these  
18 terms are defined in chapter 82.04 RCW.

19 (d) An inadvertent use of the property in a manner inconsistent  
20 with the purpose for which exemption is granted, if the inadvertent use  
21 is not part of a pattern of use. An inadvertent use that is repeated  
22 in more than one assessment year is presumed to be part of a pattern of  
23 use.

24 (4) The department of revenue shall narrowly construe this  
25 exemption.

26 **Sec. 2.** RCW 84.36.030 and 1990 c 283 s 6 are each amended to read  
27 as follows:

28 The following real and personal property shall be exempt from  
29 taxation:

30 (1) Property owned by nonprofit organizations or associations,  
31 organized and conducted for nonsectarian purposes, which shall be used  
32 for character-building, benevolent, protective or rehabilitative social  
33 services directed at persons of all ages. The sale of donated  
34 merchandise shall not be considered a commercial use of the property  
35 under this section if the proceeds are devoted to the furtherance of  
36 the purposes of the selling organization or association as specified in  
37 this paragraph.

1 (2) Property owned by any nonprofit church, denomination, group of  
2 churches, or an organization or association, the membership of which is  
3 comprised solely of churches or their qualified representatives, which  
4 is utilized as a camp facility if used for organized and supervised  
5 recreational activities and church purposes as related to such camp  
6 facilities. The exemption provided by this paragraph shall apply to a  
7 maximum of two hundred acres of any such camp as selected by the  
8 church, including buildings and other improvements thereon.

9 (3) Property, including buildings and improvements required for the  
10 maintenance and safeguarding of such property, owned by nonprofit  
11 organizations or associations engaged in character building of boys and  
12 girls under eighteen years of age, and used for such purposes and uses,  
13 provided such purposes and uses are for the general public good:  
14 PROVIDED, That if existing charters provide that organizations or  
15 associations, which would otherwise qualify under the provisions of  
16 this paragraph, serve boys and girls up to the age of twenty-one years,  
17 then such organizations or associations shall be deemed qualified  
18 pursuant to this section.

19 (4) Property owned by all organizations and societies of veterans  
20 of any war of the United States, recognized as such by the department  
21 of defense, which shall have national charters, and which shall have  
22 for their general purposes and objects the preservation of the memories  
23 and associations incident to their war service and the consecration of  
24 the efforts of their members to mutual helpfulness and to patriotic and  
25 community service to state and nation. To be exempt such property must  
26 be used in such manner as may be reasonably necessary to carry out the  
27 purposes and objects of such societies.

28 The use of the property for pecuniary gain or to promote business  
29 activities, except (~~fund raising activities conducted by a nonprofit~~  
30 ~~organization~~)) as provided in this subsection, nullifies the exemption  
31 otherwise available for the property for the assessment year. The  
32 exemption is not nullified by:

33 (a) The collection of rent or donations if the amount is reasonable  
34 and does not exceed maintenance and operation expenses created by the  
35 user.

36 (b) Fund-raising activities conducted by a nonprofit organization.

37 (c) A use for pecuniary gain by an individual, if the amount of  
38 pecuniary gain received by the individual as a result of the use is  
39 less than one thousand dollars per month. For the purposes of this

1 subsection, "pecuniary gain" means the sum of the gross proceeds of  
2 sales, gross income of the business, and value of products, as these  
3 terms are defined in chapter 82.04 RCW.

4 (d) An inadvertent use of the property in a manner inconsistent  
5 with the purpose for which exemption is granted, if the inadvertent use  
6 is not part of a pattern of use. An inadvertent use that is repeated  
7 in more than one assessment year is presumed to be part of a pattern of  
8 use.

9 (5) Property owned by all corporations, incorporated under any act  
10 of congress, whose principal purposes are to furnish volunteer aid to  
11 members of the armed forces of the United States and also to carry on  
12 a system of national and international relief and to apply the same in  
13 mitigating the sufferings caused by pestilence, famine, fire, floods,  
14 and other national calamities and to devise and carry on measures for  
15 preventing the same.

16 (6) Property owned by nonprofit organizations exempt from federal  
17 income tax under section 501(c)(3) of the internal revenue code of  
18 1954, as amended, that are guarantee agencies under the federal  
19 guaranteed student loan program or that issue debt to provide or  
20 acquire student loans.

21 (7) To be exempt under this section, the property must be used  
22 exclusively for the purposes for which exemption is granted, except as  
23 provided in RCW 84.36.805.

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