

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2315

Chapter 311, Laws of 1998

55th Legislature
1998 Regular Session

EXCISE AND PROPERTY TAX STATUTES--TECHNICAL CORRECTIONS

EFFECTIVE DATE: 6/11/98

Passed by the House February 6, 1998
Yeas 93 Nays 0

CLYDE BALLARD
**Speaker of the
House of Representatives**

Passed by the Senate March 5, 1998
Yeas 47 Nays 0

BRAD OWEN
President of the Senate

Approved April 3, 1998

GARY LOCKE
Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2315** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN
Chief Clerk

FILED

April 3, 1998 - 2:12 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 2315

Passed Legislature - 1998 Regular Session

State of Washington 55th Legislature 1998 Regular Session

By House Committee on Finance (originally sponsored by Representatives Thompson, Mulliken, B. Thomas and Dunshee; by request of Department of Revenue)

Read first time 01/15/98. Referred to Committee on .

1 AN ACT Relating to technical corrections of excise and property tax
2 statutes; amending RCW 19.146.050, 82.04.392, 82.04.405, 82.08.0262,
3 82.08.0263, 82.12.0254, 82.32.210, 82.32.215, 82.32.220, 82.36.130,
4 84.12.230, 84.33.091, 84.34.111, 84.34.131, 84.34.141, 84.34.145,
5 84.34.150, 84.36.037, 84.36.041, 84.36.161, 84.36.353, 84.36.473,
6 84.36.815, 84.36.825, and 84.36.835; reenacting and amending RCW
7 82.04.260, 84.36.800, 84.36.805, and 84.36.810; creating a new section;
8 and repealing RCW 84.36.330.

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

10 **Sec. 1.** RCW 19.146.050 and 1997 c 106 s 5 are each amended to read
11 as follows:

12 All moneys received by a mortgage broker from a borrower for
13 payment of third-party provider services shall be deemed as held in
14 trust immediately upon receipt by the mortgage broker. A mortgage
15 broker shall deposit, prior to the end of the third business day
16 following receipt of such trust funds, all such trust funds in a trust
17 account of a federally insured financial institution located in this
18 state. All trust account funds collected under this chapter must
19 remain on deposit in a trust account in the state of Washington until

1 disbursement. The trust account shall be designated and maintained for
2 the benefit of borrowers. Moneys maintained in the trust account shall
3 be exempt from execution, attachment, or garnishment. A mortgage
4 broker shall not in any way encumber the corpus of the trust account or
5 commingle any other operating funds with trust account funds.
6 Withdrawals from the trust account shall be only for the payment of
7 bona fide services rendered by a third-party provider or for refunds to
8 borrowers. The director shall make rules which: (1) Direct mortgage
9 brokers how to handle checks and other instruments that are received by
10 the broker and that combine trust funds with other funds; and (2)
11 permit transfer of trust funds out of the trust account for payment of
12 other costs only when necessary and only with the prior express written
13 permission of the borrower. Any interest earned on the trust account
14 shall be refunded or credited to the borrowers at closing. Trust
15 accounts that are operated in a manner consistent with this section and
16 any rules adopted by the director, are not considered (~~exempt from~~
17 ~~taxation~~) gross receipts taxable under chapter 82.04 RCW.

18 **Sec. 2.** RCW 82.04.260 and 1996 c 148 s 2 and 1996 c 115 s 1 are
19 each reenacted and amended to read as follows:

20 (1) Upon every person engaging within this state in the business of
21 buying wheat, oats, dry peas, dry beans, lentils, triticale, canola,
22 corn, rye and barley, but not including any manufactured (~~or~~
23 ~~processed~~) products thereof, and selling the same at wholesale; the
24 tax imposed shall be equal to the gross proceeds derived from such
25 sales multiplied by the rate of 0.011 percent.

26 (2) Upon every person engaging within this state in the business of
27 manufacturing wheat into flour, barley into pearl barley, soybeans into
28 soybean oil, canola into canola oil, canola meal, or canola byproducts,
29 or sunflower seeds into sunflower oil; as to such persons the amount of
30 tax with respect to such business shall be equal to the value of the
31 flour, pearl barley, oil, canola meal, or canola byproduct
32 manufactured, multiplied by the rate of 0.138 percent.

33 (3) Upon every person engaging within this state in the business of
34 splitting or processing dried peas; as to such persons the amount of
35 tax with respect to such business shall be equal to the value of the
36 peas split or processed, multiplied by the rate of 0.275 percent.

37 (4) Upon every person engaging within this state in the business of
38 manufacturing seafood products which remain in a raw, raw frozen, or

1 raw salted state at the completion of the manufacturing by that person;
2 as to such persons the amount of tax with respect to such business
3 shall be equal to the value of the products manufactured, multiplied by
4 the rate of 0.138 percent.

5 (5) Upon every person engaging within this state in the business of
6 manufacturing by canning, preserving, freezing, processing, or
7 dehydrating fresh fruits and vegetables, or selling at wholesale fresh
8 fruits and vegetables canned, preserved, frozen, processed, or
9 dehydrated by the seller and sold to purchasers who transport in the
10 ordinary course of business the goods out of this state; as to such
11 persons the amount of tax with respect to such business shall be equal
12 to the value of the products canned, preserved, frozen, processed, or
13 dehydrated multiplied by the rate of 0.33 percent. As proof of sale to
14 a person who transports in the ordinary course of business goods out of
15 this state, the seller shall annually provide a statement in a form
16 prescribed by the department and retain the statement as a business
17 record.

18 (6) Upon every nonprofit corporation and nonprofit association
19 engaging within this state in research and development, as to such
20 corporations and associations, the amount of tax with respect to such
21 activities shall be equal to the gross income derived from such
22 activities multiplied by the rate of 0.484 percent.

23 (7) Upon every person engaging within this state in the business of
24 slaughtering, breaking and/or processing perishable meat products
25 and/or selling the same at wholesale only and not at retail; as to such
26 persons the tax imposed shall be equal to the gross proceeds derived
27 from such sales multiplied by the rate of 0.138 percent.

28 (8) Upon every person engaging within this state in the business of
29 making sales, at retail or wholesale, of nuclear fuel assemblies
30 manufactured by that person, as to such persons the amount of tax with
31 respect to such business shall be equal to the gross proceeds of sales
32 of the assemblies multiplied by the rate of 0.275 percent.

33 (9) Upon every person engaging within this state in the business of
34 manufacturing nuclear fuel assemblies, as to such persons the amount of
35 tax with respect to such business shall be equal to the value of the
36 products manufactured multiplied by the rate of 0.275 percent.

37 (10) Upon every person engaging within this state in the business
38 of acting as a travel agent or tour operator; as to such persons the
39 amount of the tax with respect to such activities shall be equal to the

1 gross income derived from such activities multiplied by the rate of
2 0.275 percent.

3 (11) Upon every person engaging within this state in business as an
4 international steamship agent, international customs house broker,
5 international freight forwarder, vessel and/or cargo charter broker in
6 foreign commerce, and/or international air cargo agent; as to such
7 persons the amount of the tax with respect to only international
8 activities shall be equal to the gross income derived from such
9 activities multiplied by the rate of 0.363 percent.

10 (12) Upon every person engaging within this state in the business
11 of stevedoring and associated activities pertinent to the movement of
12 goods and commodities in waterborne interstate or foreign commerce; as
13 to such persons the amount of tax with respect to such business shall
14 be equal to the gross proceeds derived from such activities multiplied
15 by the rate of 0.363 percent. Persons subject to taxation under this
16 subsection shall be exempt from payment of taxes imposed by chapter
17 82.16 RCW for that portion of their business subject to taxation under
18 this subsection. Stevedoring and associated activities pertinent to
19 the conduct of goods and commodities in waterborne interstate or
20 foreign commerce are defined as all activities of a labor, service or
21 transportation nature whereby cargo may be loaded or unloaded to or
22 from vessels or barges, passing over, onto or under a wharf, pier, or
23 similar structure; cargo may be moved to a warehouse or similar holding
24 or storage yard or area to await further movement in import or export
25 or may move to a consolidation freight station and be stuffed,
26 unstuffed, containerized, separated or otherwise segregated or
27 aggregated for delivery or loaded on any mode of transportation for
28 delivery to its consignee. Specific activities included in this
29 definition are: Wharfage, handling, loading, unloading, moving of
30 cargo to a convenient place of delivery to the consignee or a
31 convenient place for further movement to export mode; documentation
32 services in connection with the receipt, delivery, checking, care,
33 custody and control of cargo required in the transfer of cargo;
34 imported automobile handling prior to delivery to consignee; terminal
35 stevedoring and incidental vessel services, including but not limited
36 to plugging and unplugging refrigerator service to containers,
37 trailers, and other refrigerated cargo receptacles, and securing ship
38 hatch covers.

1 (13) Upon every person engaging within this state in the business
2 of disposing of low-level waste, as defined in RCW 43.145.010; as to
3 such persons the amount of the tax with respect to such business shall
4 be equal to the gross income of the business, excluding any fees
5 imposed under chapter 43.200 RCW, multiplied by the rate of 3.3
6 percent.

7 If the gross income of the taxpayer is attributable to activities
8 both within and without this state, the gross income attributable to
9 this state shall be determined in accordance with the methods of
10 apportionment required under RCW 82.04.460.

11 (14) Upon every person engaging within this state as an insurance
12 agent, insurance broker, or insurance solicitor licensed under chapter
13 48.17 RCW; as to such persons, the amount of the tax with respect to
14 such licensed activities shall be equal to the gross income of such
15 business multiplied by the rate of 0.55 percent.

16 (15) Upon every person engaging within this state in business as a
17 hospital, as defined in chapter 70.41 RCW, that is operated as a
18 nonprofit corporation or by the state or any of its political
19 subdivisions, as to such persons, the amount of tax with respect to
20 such activities shall be equal to the gross income of the business
21 multiplied by the rate of 0.75 percent through June 30, 1995, and 1.5
22 percent thereafter. The moneys collected under this subsection shall
23 be deposited in the health services account created under RCW
24 43.72.900.

25 **Sec. 3.** RCW 82.04.392 and 1997 c 106 s 21 are each amended to read
26 as follows:

27 This chapter shall not apply to amounts received from trust
28 accounts (~~that~~) to mortgage brokers for the payment of third-party
29 costs if the accounts are operated in a manner consistent with RCW
30 19.146.050 and any rules adopted by the director of financial
31 institutions.

32 **Sec. 4.** RCW 82.04.405 and 1970 ex.s. c 101 s 3 are each amended to
33 read as follows:

34 This chapter shall not apply to the gross income of credit unions
35 organized under the laws of this state, any other state, or the United
36 States.

1 **Sec. 5.** RCW 82.08.0262 and 1994 c 43 s 1 are each amended to read
2 as follows:

3 The tax levied by RCW 82.08.020 shall not apply to sales of
4 airplanes, locomotives, railroad cars, or watercraft for use in
5 conducting interstate or foreign commerce by transporting therein or
6 therewith property and persons for hire or for use in conducting
7 commercial deep sea fishing operations outside the territorial waters
8 of the state or airplanes sold to the United States government; also
9 sales of tangible personal property which becomes a component part of
10 such airplanes, locomotives, railroad cars, or watercraft, and of motor
11 vehicles or trailers whether owned by or leased with or without drivers
12 and used by the holder of a carrier permit issued by the Interstate
13 Commerce Commission or its successor agency authorizing transportation
14 by motor vehicle across the boundaries of this state, in the course of
15 constructing, repairing, cleaning, altering, or improving the same;
16 also sales of or charges made for labor and services rendered in
17 respect to such constructing, repairing, cleaning, altering, or
18 improving.

19 **Sec. 6.** RCW 82.08.0263 and 1995 c 63 s 1 are each amended to read
20 as follows:

21 The tax levied by RCW 82.08.020 shall not apply to sales of motor
22 vehicles and trailers to be used for the purpose of transporting
23 therein persons or property for hire in interstate or foreign commerce
24 whether such use is by the owner or whether such motor vehicles and
25 trailers are leased to the user with or without drivers: PROVIDED,
26 That the purchaser or user must be the holder of a carrier permit
27 issued by the Interstate Commerce Commission or its successor agency.

28 **Sec. 7.** RCW 82.12.0254 and 1995 c 63 s 2 are each amended to read
29 as follows:

30 The provisions of this chapter shall not apply in respect to the
31 use of any airplane, locomotive, railroad car, or watercraft used
32 primarily in conducting interstate or foreign commerce by transporting
33 therein or therewith property and persons for hire or used primarily in
34 commercial deep sea fishing operations outside the territorial waters
35 of the state, and in respect to use of tangible personal property which
36 becomes a component part of any such airplane, locomotive, railroad
37 car, or watercraft, and in respect to the use by a nonresident of this

1 state of any motor vehicle or trailer used exclusively in transporting
2 persons or property across the boundaries of this state and in
3 intrastate operations incidental thereto when such motor vehicle or
4 trailer is registered and licensed in a foreign state and in respect to
5 the use by a nonresident of this state of any motor vehicle or trailer
6 so registered and licensed and used within this state for a period not
7 exceeding fifteen consecutive days under such rules as the department
8 of revenue shall adopt: PROVIDED, That under circumstances determined
9 to be justifiable by the department of revenue a second fifteen day
10 period may be authorized consecutive with the first fifteen day period;
11 and for the purposes of this exemption the term "nonresident" as used
12 herein, shall include a user who has one or more places of business in
13 this state as well as in one or more other states, but the exemption
14 for nonresidents shall apply only to those vehicles which are most
15 frequently dispatched, garaged, serviced, maintained, and operated from
16 the user's place of business in another state; and in respect to the
17 use by the holder of a carrier permit issued by the Interstate Commerce
18 Commission or its successor agency of any motor vehicle or trailer
19 whether owned by or leased with or without driver to the permit holder
20 and used in substantial part in the normal and ordinary course of the
21 user's business for transporting therein persons or property for hire
22 across the boundaries of this state; and in respect to the use of any
23 motor vehicle or trailer while being operated under the authority of a
24 one-transit permit issued by the director of licensing pursuant to RCW
25 46.16.160 and moving upon the highways from the point of delivery in
26 this state to a point outside this state; and in respect to the use of
27 tangible personal property which becomes a component part of any motor
28 vehicle or trailer used by the holder of a carrier permit issued by the
29 Interstate Commerce Commission or its successor agency authorizing
30 transportation by motor vehicle across the boundaries of this state
31 whether such motor vehicle or trailer is owned by or leased with or
32 without driver to the permit holder.

33 **Sec. 8.** RCW 82.32.210 and 1997 c 157 s 3 are each amended to read
34 as follows:

35 (1) If any fee, tax, increase, or penalty or any portion thereof is
36 not paid within fifteen days after it becomes due, the department of
37 revenue may issue a warrant (~~(under its official seal)~~) in the amount
38 of such unpaid sums, together with interest thereon from the date the

1 warrant is issued until the date of payment. If, however, the
2 department of revenue believes that a taxpayer is about to cease
3 business, leave the state, or remove or dissipate the assets out of
4 which fees, taxes or penalties might be satisfied and that any tax or
5 penalty will not be paid when due, it may declare the fee, tax or
6 penalty to be immediately due and payable and may issue a warrant
7 immediately.

8 (a) Interest imposed before January 1, 1999, shall be computed at
9 the rate of one percent of the amount of the warrant for each thirty
10 days or portion thereof.

11 (b) Interest imposed after December 31, 1998, shall be computed on
12 a daily basis on the amount of outstanding tax or fee at the rate as
13 computed under RCW 82.32.050(2). The rate so computed shall be
14 adjusted on the first day of January of each year for use in computing
15 interest for that calendar year. As used in this subsection, "fee"
16 does not include an administrative filing fee such as a court filing
17 fee and warrant fee.

18 (2) The department shall file a copy of the warrant with the clerk
19 of the superior court of any county of the state in which real and/or
20 personal property of the taxpayer may be found. Upon filing, the clerk
21 shall enter in the judgment docket, the name of the taxpayer mentioned
22 in the warrant and in appropriate columns the amount of the fee, tax or
23 portion thereof and any increases and penalties for which the warrant
24 is issued and the date when the copy is filed, and thereupon the amount
25 of the warrant so docketed shall become a specific lien upon all goods,
26 wares, merchandise, fixtures, equipment, or other personal property
27 used in the conduct of the business of the taxpayer against whom the
28 warrant is issued, including property owned by third persons who have
29 a beneficial interest, direct or indirect, in the operation of the
30 business, and no sale or transfer of the personal property in any way
31 affects the lien.

32 (3) The lien shall not be superior, however, to bona fide interests
33 of third persons which had vested prior to the filing of the warrant
34 when the third persons do not have a beneficial interest, direct or
35 indirect, in the operation of the business, other than the securing of
36 the payment of a debt or the receiving of a regular rental on
37 equipment. The phrase "bona fide interests of third persons" does not
38 include any mortgage of real or personal property or any other credit
39 transaction that results in the mortgagee or the holder of the security

1 acting as trustee for unsecured creditors of the taxpayer mentioned in
2 the warrant who executed the chattel or real property mortgage or the
3 document evidencing the credit transaction.

4 (4) The amount of the warrant so docketed shall thereupon also
5 become a lien upon the title to and interest in all other real and
6 personal property of the taxpayer against whom it is issued the same as
7 a judgment in a civil case duly docketed in the office of the clerk.
8 The warrant so docketed shall be sufficient to support the issuance of
9 writs of garnishment in favor of the state in the manner provided by
10 law in the case of judgments wholly or partially unsatisfied.

11 **Sec. 9.** RCW 82.32.215 and 1983 1st ex.s. c 55 s 9 are each amended
12 to read as follows:

13 If any warrant issued under this chapter is not paid within thirty
14 days after it has been filed with the clerk of the superior court, or
15 if any taxpayer is delinquent, for three consecutive reporting periods,
16 in the transmission to the department of revenue of retail sales tax
17 collected by ~~((him))~~ the taxpayer, the department of revenue may, by
18 order ~~((issued under its official seal))~~, revoke the certificate of
19 registration of the taxpayer against whom the warrant was issued, and,
20 if the order is entered, a copy thereof shall be posted in a
21 conspicuous place at the main entrance to the taxpayer's place of
22 business and shall remain posted until such time as the warrant has
23 been paid. Any certificate so revoked shall not be reinstated, nor
24 shall a new certificate of registration be issued to the taxpayer,
25 until the amount due on the warrant has been paid, or provisions for
26 payment satisfactory to the department of revenue have been entered,
27 and until the taxpayer has deposited with the department of revenue
28 such security for payment of any taxes, increases, and penalties, due
29 or which may become due in an amount and under such terms and
30 conditions as the department of revenue may require, but the amount of
31 the security shall not be greater than one-half the estimated average
32 annual liability of the taxpayer.

33 **Sec. 10.** RCW 82.32.220 and 1983 1st ex.s. c 55 s 10 are each
34 amended to read as follows:

35 The department of revenue may issue an order of execution, pursuant
36 to a filed warrant, ~~((under its official seal))~~ directed to the sheriff
37 of the county in which the warrant has been filed, commanding ~~((him))~~

1 the sheriff to levy upon and sell the real and/or personal property of
2 the taxpayer found within ((his)) the sheriff's county, or so much
3 thereof as may be necessary, for the payment of the amount of the
4 warrant, plus the cost of executing the warrant, and return the warrant
5 to the department of revenue and pay to it the money collected by
6 virtue thereof within sixty days after the receipt of the warrant. The
7 sheriff shall thereupon proceed upon the same in all respects and with
8 like effect as prescribed by law with respect to execution or other
9 process issued against rights or property upon judgments of the
10 superior court.

11 The sheriff shall be entitled to fees as provided by law for
12 ((his)) the sheriff's services in levying execution on a superior court
13 judgment and the clerk shall be entitled to a filing fee as provided by
14 law, which shall be added to the amount of the warrant.

15 The proceeds received from any sale shall be credited upon the
16 amount due under the warrant and when the final amount due is received,
17 together with interest, penalties, and costs, the judgment docket shall
18 show the claim for taxes to be satisfied and the clerk of the court
19 shall so note upon the docket. Any surplus received from any sale of
20 property shall be paid to the taxpayer or to any lien holder entitled
21 thereto. If the return on the warrant shows that the same has not been
22 satisfied in full, the amount of the deficiency shall remain the same
23 as a judgment against the taxpayer which may be collected in the same
24 manner as the original amount of the warrant.

25 **Sec. 11.** RCW 82.36.130 and 1961 c 15 s 82.36.130 are each amended
26 to read as follows:

27 If any distributor is in default for more than ten days in the
28 payment of any excise taxes or penalties thereon, the director shall
29 issue a warrant (~~((under the official seal of his office))~~) directed to
30 the sheriff of any county of the state commanding ((him)) the sheriff
31 to levy upon and sell the goods and chattels of the distributor,
32 without exemption, found within ((his)) the sheriff's jurisdiction, for
33 the payment of the amount of such delinquency, with the added penalties
34 and interest and the cost of executing the warrant, and to return such
35 warrant to the director and to pay the director the money collected by
36 virtue thereof within the time to be therein specified, which shall not
37 be less than twenty nor more than sixty days from the date of the
38 warrant. The sheriff to whom the warrant is directed shall proceed

1 upon it in all respects and with like effect and in the same manner as
2 prescribed by law in respect to executions issued against goods and
3 chattels upon judgment by a court of record and shall be entitled to
4 the same fees for ((his)) the sheriff's services to be collected in the
5 same manner.

6 **Sec. 12.** RCW 84.12.230 and 1984 c 132 s 1 are each amended to read
7 as follows:

8 Each company doing business in this state shall annually on or
9 before the 15th day of March, make and file with the department of
10 revenue an annual report, in such manner, upon such form, and giving
11 such information as the department may direct: PROVIDED, That the
12 department, upon written request filed on or before such date and for
13 good cause shown therein, may allow an extension of time for filing not
14 to exceed sixty days. At the time of making such report each company
15 shall also be required to furnish to the department the annual reports
16 of the board of directors, or other officers to the stockholders of the
17 company, duplicate copies of the annual reports made to the interstate
18 commerce commission or its successor agency and to the utilities and
19 transportation commission of this state and duplicate copies of such
20 other reports as the department may direct: PROVIDED, That the
21 duplicate copies of these annual reports shall not be due until such
22 time as they are due to the stockholders or commissioners.

23 **Sec. 13.** RCW 84.33.091 and 1984 c 204 s 11 are each amended to
24 read as follows:

25 (1) The department of revenue shall designate areas containing
26 timber having similar growing, harvesting, and marketing conditions to
27 be used as units for the preparation and application of stumpage
28 values. Each year on or before December 31 for use the following
29 January through June 30, and on or before June 30 for use the following
30 July through December 31, the department shall prepare tables of
31 stumpage values of each species or subclassification of timber within
32 these units. The stumpage value shall be the amount that each such
33 species or subclassification would sell for at a voluntary sale made in
34 the ordinary course of business for purposes of immediate harvest.
35 These stumpage values, expressed in terms of a dollar amount per
36 thousand board feet or other unit measure, shall be determined in a
37 manner which makes reasonable and adequate allowances for age, size,

1 quality, costs of removal, accessibility to point of conversion, market
2 conditions, and all other relevant factors from:

3 (a) Gross proceeds from sales on the stump of similar timber of
4 like quality and character at similar locations, and in similar
5 quantities;

6 (b) Gross proceeds from sales of logs adjusted to reflect only the
7 portion of such proceeds attributable to value on the stump immediately
8 prior to harvest; or

9 (c) A combination of (a) and (b) of this subsection.

10 (2) Upon application from any person who plans to harvest damaged
11 timber, the stumpage values for which have been materially reduced from
12 the values shown in the applicable tables due to damage resulting from
13 fire, blow down, ice storm, flood, or other sudden unforeseen cause,
14 the department shall revise the stumpage value tables for any area in
15 which such timber is located and shall specify any additional
16 accounting or other requirements to be complied with in reporting and
17 paying the tax.

18 (3) The preliminary area designations and stumpage value tables and
19 any revisions thereof are subject to review by the ways and means
20 committees of the house of representatives and senate prior to
21 finalization. Tables of stumpage values shall be signed by the
22 director or the director's designee (~~and authenticated by the official
23 seal of the department~~). A copy thereof shall be mailed to anyone who
24 has submitted to the department a written request for a copy.

25 (4) On or before the sixtieth day after the date of final adoption
26 of any stumpage value tables, any harvester may appeal to the board of
27 tax appeals for a revision of stumpage values for an area determined
28 pursuant to subsection (3) of this section.

29 **Sec. 14.** RCW 84.34.111 and 1973 1st ex.s. c 212 s 13 are each
30 amended to read as follows:

31 The owner of any land as to which additional tax is imposed as
32 provided in this chapter (~~(212, Laws of 1973 1st ex. sess.)~~) shall have
33 with respect to valuation of the land and imposition of the additional
34 tax all remedies provided by this title (~~(84-RCW)~~).

35 **Sec. 15.** RCW 84.34.131 and 1973 1st ex.s. c 212 s 16 are each
36 amended to read as follows:

1 Nothing in this chapter (~~((212, Laws of 1973 1st ex. sess.))~~) shall
2 be construed as in any manner affecting the method for valuation of
3 timber standing on timber land which has been classified under (~~(the~~
4 ~~provisions of))~~ this chapter (~~((212, Laws of 1973 1st ex. sess.))~~).

5 **Sec. 16.** RCW 84.34.141 and 1973 1st ex.s. c 212 s 17 are each
6 amended to read as follows:

7 The department of revenue of the state of Washington shall make
8 such rules and regulations consistent with (~~(the provisions of))~~ this
9 chapter (~~((212, Laws of 1973 1st ex. sess.))~~) as shall be necessary or
10 desirable to permit its effective administration.

11 **Sec. 17.** RCW 84.34.145 and 1992 c 69 s 13 are each amended to read
12 as follows:

13 The county legislative authority shall appoint a five member
14 committee representing the active farming community within the county
15 to serve in an advisory capacity to the assessor in implementing
16 assessment guidelines as established by the department of revenue for
17 the assessment of open space, farms and agricultural lands, and timber
18 lands classified (~~(pursuant to))~~ under this chapter (~~((212, Laws of 1973~~
19 ~~1st ex. sess.))~~).

20 **Sec. 18.** RCW 84.34.150 and 1992 c 69 s 14 are each amended to read
21 as follows:

22 Land classified under the provisions of chapter 84.34 RCW prior to
23 July 16, 1973 which meets the criteria for classification under (~~(the~~
24 ~~provisions of))~~ this chapter (~~((212, Laws of 1973 1st ex. sess.))~~), is
25 hereby reclassified under (~~(the provisions of))~~ this chapter (~~((212,~~
26 ~~Laws of 1973 1st ex. sess.))~~). This change in classification shall be
27 made without additional tax, applicable interest, penalty, or other
28 requirements(~~(:—PROVIDED,—That))~~), but subsequent to such
29 reclassification, the land shall be fully subject to (~~(the provisions~~
30 ~~of))~~ this chapter (~~((84.34 RCW))~~). A condition imposed by a granting
31 authority prior to July 16, 1973, upon land classified pursuant to RCW
32 84.34.020 (1) or (3) shall remain in effect during the period of
33 classification.

34 **Sec. 19.** RCW 84.36.037 and 1997 c 298 s 1 are each amended to read
35 as follows:

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

12 (2) To qualify for this exemption the property must be used
13 exclusively for public gatherings and be available to all organizations
14 or persons desiring to use the property, but the owner may impose
15 conditions and restrictions which are necessary for the safekeeping of
16 the property and promote the purposes of this exemption. Membership
17 shall not be a prerequisite for the use of the property.

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

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

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

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

28 (d) An inadvertent use of the property in a manner inconsistent
29 with the purpose for which exemption is granted, if the inadvertent use
30 is not part of a pattern of use. A pattern of use is presumed when an
31 inadvertent use is repeated in the same assessment year or in two or
32 more successive assessment years.

33 (4) The department of revenue shall narrowly construe this
34 exemption.

35 **Sec. 20.** RCW 84.36.041 and 1997 c 3 s 124 are each amended to read
36 as follows:

37 (1) All real and personal property used by a nonprofit home for the
38 aging that is reasonably necessary for the purposes of the home is

1 exempt from taxation if the benefit of the exemption inures to the home
2 and:

3 (a) At least fifty percent of the occupied dwelling units in the
4 home are occupied by eligible residents; or

5 (b) The home is subsidized under a federal department of housing
6 and urban development program. The department of revenue shall provide
7 by rule a definition of homes eligible for exemption under this
8 subsection (b), consistent with the purposes of this section.

9 (2) All real and personal property used by a nonprofit home for the
10 aging that is reasonably necessary for the purposes of the home is
11 exempt from taxation if the benefit of the exemption inures to the home
12 and the construction, rehabilitation, acquisition, or refinancing of
13 the home is financed under a program using bonds exempt from federal
14 income tax if at least seventy-five percent of the total amount
15 financed uses the tax exempt bonds and the financing program requires
16 the home to reserve a percentage of all dwelling units so financed for
17 low-income residents. The initial term of the exemption under this
18 subsection shall equal the term of the tax exempt bond used in
19 connection with the financing program, or the term of the requirement
20 to reserve dwelling units for low-income residents, whichever is
21 shorter. If the financing program involves less than the entire home,
22 only those dwelling units included in the financing program are
23 eligible for total exemption. The department of revenue shall provide
24 by rule the requirements for monitoring compliance with the provisions
25 of this subsection and the requirements for exemption including:

26 (a) The number or percentage of dwelling units required to be
27 occupied by low-income residents, and a definition of low income;

28 (b) The type and character of the dwelling units, whether
29 independent units or otherwise; and

30 (c) Any particular requirements for continuing care retirement
31 communities.

32 (3) A home for the aging is eligible for a partial exemption on the
33 real property and a total exemption for the home's personal property if
34 the home does not meet the requirements of subsection (1) of this
35 section because fewer than fifty percent of the occupied dwelling units
36 are occupied by eligible residents, as follows:

37 (a) A partial exemption shall be allowed for each dwelling unit in
38 a home occupied by a resident requiring assistance with activities of
39 daily living.

1 (b) A partial exemption shall be allowed for each dwelling unit in
2 a home occupied by an eligible resident.

3 (c) A partial exemption shall be allowed for an area jointly used
4 by a home for the aging and by a nonprofit organization, association,
5 or corporation currently exempt from property taxation under one of the
6 other provisions of this chapter. The shared area must be reasonably
7 necessary for the purposes of the nonprofit organization, association,
8 or corporation exempt from property taxation under one of the other
9 provisions of this chapter, such as kitchen, dining, and laundry areas.

10 (d) The amount of exemption shall be calculated by multiplying the
11 assessed value of the property reasonably necessary for the purposes of
12 the home, less the assessed value of any area exempt under (c) of this
13 subsection, by a fraction. The numerator of the fraction is the number
14 of dwelling units occupied by eligible residents and by residents
15 requiring assistance with activities of daily living. The denominator
16 of the fraction is the total number of occupied dwelling units as of
17 January 1st of the year for which exemption is claimed.

18 (4) To be exempt under this section, the property must be used
19 exclusively for the purposes for which the exemption is granted, except
20 as provided in RCW 84.36.805.

21 (5) A home for the aging is exempt from taxation only if the
22 organization operating the home is exempt from income tax under section
23 501(c) of the federal internal revenue code as existing on January 1,
24 1989, or such subsequent date as the director may provide by rule
25 consistent with the purposes of this section.

26 (6) In order for the home to be eligible for exemption under
27 subsections (1)(a) and (2)(b) of this section, each eligible resident
28 of a home for the aging shall submit an income verification form to the
29 county assessor by July 1st of the assessment year in which the
30 application for exemption is made. The income verification form shall
31 be prescribed and furnished by the department of revenue. An eligible
32 resident who has filed a form for a previous year need not file a new
33 form until there is a change in status affecting the person's
34 eligibility.

35 (7) In determining the assessed value of a home for the aging for
36 purposes of the partial exemption provided by subsection (3) of this
37 section, the assessor shall apply the computation method provided by
38 RCW 84.34.060 and shall consider only the use to which such property is

1 applied during the years for which such partial exemptions are
2 available and shall not consider potential uses of such property.

3 ~~(8) ((A home for the aging that was exempt or partially exempt for
4 taxes levied in 1993 for collection in 1994 is partially exempt for
5 taxes levied in 1994 for collection in 1995, has an increase in taxable
6 value for taxes levied in 1994 for collection in 1995 due to the change
7 prescribed by chapter 151, Laws of 1993 with respect to the numerator
8 of the fraction used to determine the amount of a partial exemption,
9 and is not fully exempt under this section is entitled to partial
10 exemptions as follows:~~

11 ~~(a) For taxes levied in 1994 for collection in 1995, the home shall
12 pay taxes based upon the taxable value in 1993 plus one third of the
13 increase in the taxable value from 1993 to the nonexempt value
14 calculated under subsection (3)(d) of this section for 1994.~~

15 ~~(b) For taxes levied in 1995 for collection in 1996, the home shall
16 pay taxes based upon the taxable value for 1994 as calculated in (a) of
17 this subsection plus one half of the increase in the taxable value from
18 1994 to the nonexempt value calculated under subsection (3)(d) of this
19 section for 1995. For taxes levied in 1996 for collection in 1997 and
20 for taxes levied thereafter, this subsection (8) does not apply, and
21 the home shall pay taxes without reference to this subsection (8).~~

22 ~~(c) For purposes of this subsection (8), "taxable value" means the
23 value of the home upon which the tax rate is applied in order to
24 determine the amount of taxes due.~~

25 ~~(9)) As used in this section:~~

26 ~~(a) "Eligible resident" means a person who:~~

27 ~~(i) Occupied the dwelling unit as a principal place of residence as
28 of January 1st of the year for which the exemption is claimed.
29 Confinement of the person to a hospital or nursing home does not
30 disqualify the claim of exemption if the dwelling unit is temporarily
31 unoccupied or if the dwelling unit is occupied by a spouse, a person
32 financially dependent on the claimant for support, or both; and~~

33 ~~(ii) Is sixty-one years of age or older on December 31st of the
34 year in which the exemption claim is filed, or is, at the time of
35 filing, retired from regular gainful employment by reason of physical
36 disability. Any surviving spouse of a person who was receiving an
37 exemption at the time of the person's death shall qualify if the
38 surviving spouse is fifty-seven years of age or older and otherwise
39 meets the requirements of this subsection; and~~

1 (iii) Has a combined disposable income of no more than the greater
2 of twenty-two thousand dollars or eighty percent of the median income
3 adjusted for family size as most recently determined by the federal
4 department of housing and urban development for the county in which the
5 person resides. For the purposes of determining eligibility under this
6 section, a "cotenant" means a person who resides with an eligible
7 resident and who shares personal financial resources with the eligible
8 resident.

9 (b) "Combined disposable income" means the disposable income of the
10 person submitting the income verification form, plus the disposable
11 income of his or her spouse, and the disposable income of each cotenant
12 occupying the dwelling unit for the preceding calendar year, less
13 amounts paid by the person submitting the income verification form or
14 his or her spouse or cotenant during the previous year for the
15 treatment or care of either person received in the dwelling unit or in
16 a nursing home. If the person submitting the income verification form
17 was retired for two months or more of the preceding year, the combined
18 disposable income of such person shall be calculated by multiplying the
19 average monthly combined disposable income of such person during the
20 months such person was retired by twelve. If the income of the person
21 submitting the income verification form is reduced for two or more
22 months of the preceding year by reason of the death of the person's
23 spouse, the combined disposable income of such person shall be
24 calculated by multiplying the average monthly combined disposable
25 income of such person after the death of the spouse by twelve.

26 (c) "Disposable income" means adjusted gross income as defined in
27 the federal internal revenue code, as amended prior to January 1, 1989,
28 or such subsequent date as the director may provide by rule consistent
29 with the purpose of this section, plus all of the following items to
30 the extent they are not included in or have been deducted from adjusted
31 gross income:

32 (i) Capital gains, other than nonrecognized gain on the sale of a
33 principal residence under section 1034 of the federal internal revenue
34 code, or gain excluded from income under section 121 of the federal
35 internal revenue code to the extent it is reinvested in a new principal
36 residence;

37 (ii) Amounts deducted for loss;

38 (iii) Amounts deducted for depreciation;

39 (iv) Pension and annuity receipts;

1 (v) Military pay and benefits other than attendant-care and
2 medical-aid payments;

3 (vi) Veterans benefits other than attendant-care and medical-aid
4 payments;

5 (vii) Federal social security act and railroad retirement benefits;

6 (viii) Dividend receipts; and

7 (ix) Interest received on state and municipal bonds.

8 (d) "Resident requiring assistance with activities of daily living"
9 means a person who requires significant assistance with the activities
10 of daily living and who would be at risk of nursing home placement
11 without this assistance.

12 (e) "Home for the aging" means a residential housing facility that
13 (i) provides a housing arrangement chosen voluntarily by the resident,
14 the resident's guardian or conservator, or another responsible person;
15 (ii) has only residents who are at least sixty-one years of age or who
16 have needs for care generally compatible with persons who are at least
17 sixty-one years of age; and (iii) provides varying levels of care and
18 supervision, as agreed to at the time of admission or as determined
19 necessary at subsequent times of reappraisal.

20 (~~((10))~~) (9) A for-profit home for the aging that converts to
21 nonprofit status after June 11, 1992, and would otherwise be eligible
22 for tax exemption under this section may not receive the tax exemption
23 until five years have elapsed since the conversion. The exemption
24 shall then be ratably granted over the next five years.

25 **Sec. 21.** RCW 84.36.161 and 1961 c 15 s 84.36.161 are each amended
26 to read as follows:

27 RCW 84.36.140, 84.36.150, 84.36.160 and 84.36.162 shall not be
28 construed to amend or repeal RCW 84.40.210 (~~(or 84.44.060)~~).

29 **Sec. 22.** RCW 84.36.353 and 1970 ex.s. c 81 s 2 are each amended to
30 read as follows:

31 Unless a different meaning is plainly required by the context, the
32 following term as (~~hereinafter~~) used in (~~this chapter shall have~~)
33 RCW 84.36.350 has the following meaning:

34 "Sheltered workshop" means rehabilitation facility, or that part of
35 a rehabilitation facility operated by a nonprofit corporation, where
36 any manufacture or handiwork is carried on and which is operated for
37 the primary purpose of (1) providing gainful employment or

1 rehabilitation services to the handicapped as an interim step in the
2 rehabilitation process for those who cannot be readily absorbed in the
3 competitive labor market or during such time as employment
4 opportunities for them in the competitive labor market do not exist; or
5 (2) providing evaluation and work adjustment services for handicapped
6 individuals.

7 **Sec. 23.** RCW 84.36.473 and 1983 1st ex.s. c 62 s 2 are each
8 amended to read as follows:

9 Unless the context clearly requires otherwise, the definitions in
10 this section apply ~~((throughout))~~ to RCW ~~((84.36.475—and))~~
11 84.36.477~~((÷))~~.

12 (1) "Business inventories" means all livestock and means personal
13 property not under lease or rental, acquired or produced solely for the
14 purpose of sale or lease, or for the purpose of consuming such property
15 in producing for sale or lease a new article of tangible personal
16 property of which such property becomes an ingredient or component.
17 Business inventories shall not mean personal property acquired or
18 produced for the purpose of lease or rental if such property was leased
19 or rented at any time during the calendar year immediately preceding
20 the year of assessment and was not thereafter remanufactured, nor shall
21 it include property held within the normal course of business for lease
22 or rental for periods of less than thirty days. It shall not include
23 agricultural or horticultural property fully or partially exempt under
24 RCW 84.36.470 or timber which is standing on public land and which is
25 sold under a contract entered into after August 1, 1982. It shall
26 include inventories of finished goods and work in process. For
27 purposes of this section, "remanufacturing" shall mean restoration of
28 property to essentially original condition, but shall not mean normal
29 maintenance or repairs.

30 (2) "Successor" shall have the meaning given to it in RCW
31 82.04.180.

32 **Sec. 24.** RCW 84.36.800 and 1997 c 156 s 7 and 1997 c 143 s 2 are
33 each reenacted and amended to read as follows:

34 As used in ~~((RCW 84.36.020, 84.36.030, 84.36.037, 84.36.040,~~
35 ~~84.36.041, 84.36.050, 84.36.060, 84.36.550, 84.36.046, and 84.36.800~~
36 ~~through 84.36.865))~~ this chapter:

1 (1) "Church purposes" means the use of real and personal property
2 owned by a nonprofit religious organization for religious worship or
3 related administrative, educational, eleemosynary, and social
4 activities. This definition is to be broadly construed;

5 (2) "Convent" means a house or set of buildings occupied by a
6 community of clergy or nuns devoted to religious life under a superior;

7 (3) "Hospital" means any portion of a hospital building, or other
8 buildings in connection therewith, used as a residence for persons
9 engaged or employed in the operation of a hospital, or operated as a
10 portion of the hospital unit;

11 (4) "Nonprofit" means an organization, association or corporation
12 no part of the income of which is paid directly or indirectly to its
13 members, stockholders, officers, directors or trustees except in the
14 form of services rendered by the organization, association, or
15 corporation in accordance with its purposes and bylaws and the salary
16 or compensation paid to officers of such organization, association or
17 corporation is for actual services rendered and compares to the salary
18 or compensation of like positions within the public services of the
19 state;

20 (5) "Parsonage" means a residence occupied by a member of the
21 clergy who has been designated for a particular congregation and who
22 holds regular services therefor.

23 **Sec. 25.** RCW 84.36.805 and 1997 c 156 s 8 and 1997 c 143 s 3 are
24 each reenacted and amended to read as follows:

25 In order to be exempt pursuant to RCW 84.36.030, 84.36.035,
26 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045, 84.36.046,
27 84.36.047, 84.36.050, 84.36.060, 84.36.350, 84.36.480, and 84.36.550(~~—~~
28 ~~and—84.36.046~~)), the nonprofit organizations, associations or
29 corporations shall satisfy the following conditions:

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

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

36 (i) The rents and donations received for the use of the portion of
37 the property are reasonable and do not exceed the maintenance and

1 operation expenses attributable to the portion of the property loaned
2 or rented; and

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

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

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

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

25 (4) The organization, association, or corporation is duly licensed
26 or certified where such licensing or certification is required by law
27 or regulation;

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

31 (6) The director of the department of revenue shall have access to
32 its books in order to determine whether such organization, association,
33 or corporation is exempt from taxes within the intent of RCW 84.36.030,
34 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
35 84.36.046, 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480(~~7~~
36 ~~and 84.36.046~~)).

37 **Sec. 26.** RCW 84.36.810 and 1997 c 156 s 9 and 1997 c 143 s 4 are
38 each reenacted and amended to read as follows:

1 (1) Upon cessation of a use under which an exemption has been
2 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,
3 84.36.043, 84.36.046, 84.36.050, 84.36.060, and 84.36.550(~~(, and~~
4 ~~84.36.046)~~), the county treasurer shall collect all taxes which would
5 have been paid had the property not been exempt during the three years
6 preceding, or the life of such exemption, if such be less, together
7 with the interest at the same rate and computed in the same way as that
8 upon delinquent property taxes. Where the property has been granted an
9 exemption for more than ten years, taxes and interest shall not be
10 assessed under this section.

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

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

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

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

25 (d) A natural disaster such as a flood, windstorm, earthquake, or
26 other such calamity rather than by virtue of the act of the
27 organization, association, or corporation changing the use of such
28 property;

29 (e) Relocation of the activity and use of another location or site
30 except for undeveloped properties of camp facilities exempted under RCW
31 84.36.030;

32 (f) Cancellation of a lease on property that had been exempt under
33 RCW 84.36.040, 84.36.041, 84.36.043, 84.36.046, or 84.36.060(~~(, or~~
34 ~~84.36.046)~~);

35 (g) A change in the exempt portion of a home for the aging under
36 RCW 84.36.041(3), as long as some portion of the home remains exempt;

37 (h) The conversion of a full exemption of a home for the aging to
38 a partial exemption or taxable status or the conversion of a partial
39 exemption to taxable status under RCW 84.36.041(8).

1 **Sec. 27.** RCW 84.36.815 and 1994 c 123 s 1 are each amended to read
2 as follows:

3 In order to qualify for exempt status for any real or personal
4 property under this chapter except personal property under RCW
5 84.36.600, all foreign national governments, (~~churches,~~) cemeteries,
6 nongovernmental nonprofit corporations, organizations, and
7 associations, (~~private schools or colleges,~~) and soil and water
8 conservation districts shall file an initial application on or before
9 March 31 with the state department of revenue. All applications shall
10 be filed on forms prescribed by the department and shall be signed by
11 an authorized agent of the applicant.

12 In order to requalify for exempt status, (~~such~~) all applicants
13 except nonprofit cemeteries shall file an annual renewal declaration on
14 or before March 31 each year. The renewal declaration shall be on
15 forms prescribed by the department of revenue and shall contain an
16 affidavit certifying the exempt status of the real or personal property
17 owned by the exempt organization. When an organization acquires real
18 property qualified for exemption or converts real property to exempt
19 status, such organization shall file an initial application for the
20 property within sixty days following the acquisition or conversion. If
21 the application is filed after the expiration of the sixty-day period
22 a late filing penalty shall be imposed pursuant to RCW 84.36.825, as
23 now or hereafter amended.

24 When organizations acquire real property qualified for exemption or
25 convert real property to an exempt use, the property, upon approval of
26 the application for exemption, is entitled to a property tax exemption
27 for property taxes due and payable the following year. If the owner
28 has paid taxes for the year following the year the property qualified
29 for exemption, the owner is entitled to a refund of the amount paid on
30 the property so acquired or converted.

31 **Sec. 28.** RCW 84.36.825 and 1994 c 123 s 2 are each amended to read
32 as follows:

33 An application fee of thirty-five dollars for each initial
34 application and eight dollars and seventy-five cents for each annual
35 renewal declaration shall be required and shall be deposited within the
36 general fund. The department of revenue may waive the application or
37 declaration fee related to the property of any church or cemetery
38 applying for exemption under the provisions of RCW 84.36.020 whose

1 gross receipts related to the use of such property for exempt purposes
2 did not exceed two thousand five hundred dollars during the calendar
3 year preceding the application year. (~~Applications made for~~
4 ~~assessment year 1974, if approved, shall be considered initial~~
5 ~~applications whether or not an exemption has previously been~~
6 ~~approved.)) A late filing penalty of ten dollars per month for each
7 month an application or declaration is past due shall be required and
8 shall be deposited in the general fund.~~

9 **Sec. 29.** RCW 84.36.835 and 1973 2nd ex.s. c 40 s 13 are each
10 amended to read as follows:

11 On or before August 31st, the department of revenue shall prepare
12 a list by county of those properties exempted by the department under
13 (~~chapter 40, Laws of 1973 2nd ex. sess.,~~) this chapter and shall
14 forward a list to each county assessor of the property exempt in that
15 county.

16 NEW SECTION. **Sec. 30.** The intent of sections 1 and 3 of this act
17 is to clarify the original intent of sections 5 and 21, chapter 106,
18 Laws of 1997 and shall not be construed otherwise. Therefore, sections
19 1 and 3 of this act apply retroactively to July 27, 1997.

20 NEW SECTION. **Sec. 31.** RCW 84.36.330 and 1969 ex.s. c 124 s 4 are
21 each repealed.

Passed the House February 6, 1998.

Passed the Senate March 5, 1998.

Approved by the Governor April 3, 1998.

Filed in Office of Secretary of State April 3, 1998.