

HOUSE BILL REPORT

HB 2001

As Amended by the Senate

Title: An act relating to property tax exemptions for nonprofit organizations supporting artists.

Brief Description: Providing property tax exemptions for nonprofit organizations supporting artists.

Sponsors: By Representatives Murray, Skinner and Hudgins.

Brief History:

Committee Activity:

Finance: 3/6/03, 3/10/03 [DP].

Floor Activity:

Passed House: 3/14/03, 92-3.

Senate Amended.

Passed Senate: 4/14/03, 48-0.

Brief Summary of Bill

- Exempts from property tax the property of non-profit organizations that solicit gifts, donations, and grants for individual artists.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Gombosky, Chair; McIntire, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

Staff: Rick Peterson (786-7150).

Background:

All property in this state is subject to the 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: Character building, benevolent, protective or rehabilitative

social service organizations; 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; medical research or training facilities; art, scientific, and historical collections; sheltered workshops; fair associations; humane societies; water distribution property; schools and colleges; radio/television rebroadcast facilities; fire company property; day-care centers; free public libraries; orphanages; nursing homes; hospitals; outpatient dialysis facilities; homes for the aging; day care centers; performing arts properties; homeless shelters; outpatient dialysis facilities; and blood banks.

Property tax exempt property must be used exclusively for the actual operation of the activity for which exemption was granted. The property may be loaned or rented if: (a) the rent received for the use of the property is reasonable and does not exceed maintenance and operation expenses; and (b) except for public assembly halls and war veterans organizations, the organization renting the property would be exempt from tax if they owned the property.

Summary of Bill:

The real and personal property of non-profit organizations that use the property for soliciting gifts, donations, and grants for individual artists is exempt from property tax. The organization must be nonsectarian, exempt under 501(c)(3) of the internal revenue code, governed by a volunteer board of at least eight members, and use the gifts, donations, and grants to support individual artists in the production or performance of musical, dance, artistic, dramatic, or literary works.

EFFECT OF SENATE AMENDMENT(S):

The senate amendment requires the benefit of the exemption on leased property inures to the non-profit organization. The senate amendment adds this exemption to the list of non-profit exemptions that require repayment of up to 3 years of exempted property taxes if the property is not used for an exempt purpose for at least 10 years.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The bill will help Artist Trust. Artist Trust works state wide to provide direct financial support to individual artists. Grants are all based on merit. Artist Trust

is a national model - no other state has a similar organization. Artist Trust has provided over \$2 million in grants to over 1,000 artists. This organization falls through the cracks in the current scheme of tax exemptions for nonprofits. The amount of tax that is paid is equal to a fellowship for an artist.

Testimony Against: None.

Testified: Barbara Courtney and Steve Lindstrom, Artist Trust.