

SENATE BILL REPORT

HB 2001

As Reported By Senate Committee On:
Ways & Means, April 7, 2003

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: Representatives Murray, Skinner and Hudgins.

Brief History:

Committee Activity: Ways & Means: 4/7/03 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Fairley, Fraser, Hale, Johnson, Parlette, Poulsen, Sheahan, B. Sheldon and Winsley.

Staff: Terry Wilson (786-7433)

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. The only class of property which is exempt by the state Constitution is that owned by the United States, the state, its counties, school districts, and other municipal corporations, but the state Constitution allows the Legislature to exempt other property from taxation.

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.

Upon loss of exemption, back taxes for up to three years may be due. The back tax requirement does not apply to the cancellation of a lease on property subject to the back tax requirement.

Summary of Amended Bill: The real and personal property owned or used by a nonprofit organization used for solicitation or collection of gifts, donations, or grants to support individual artists is exempt from property taxation. The organization must meet the following conditions:

- (1) The organization is organized and conducted for nonsectarian purposes.
- (2) The organization is qualified for exemption under section 501(c)(3) of the federal Internal Revenue Code.

- (3) The organization is governed by a volunteer board of directors of at least eight members.
- (4) If the property is leased, the benefit of the exemption inures to the user.
- (5) The gifts, donations, and grants are used by the organization for grants, fellowships, information services, and educational resources in support of individual artists engaged in the production or performance of musical, dance, artistic, dramatic, or literary works.

The bill applies to taxes levied for collection in 2004 and thereafter.

Amended Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: (From SB 5836) This bill only applies to the Artist Trust. There is no state fiscal impact and minimal impact on local government. It is helpful to the organization and a boost to individual artists.

Testimony Against: (From SB 5836) None.

Testified: (From SB 5836) Senator Thibaudeau, prime sponsor (pro).