
SENATE BILL 6628

State of Washington

58th Legislature

2004 Regular Session

By Senators T. Sheldon, Murray, Kastama, Esser, Winsley, Schmidt, Poulsen, Haugen, Rasmussen and Oke

Read first time 01/27/2004. Referred to Committee on Economic Development.

1 AN ACT Relating to property tax exemptions for nonprofit
2 organizations for small business incubators which assist in the
3 creation and expansion of innovative small commercial enterprises;
4 amending RCW 84.36.810; adding a new section to chapter 84.36 RCW; and
5 creating new sections.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that nonprofit
8 organizations and associations engaged in the education, training, and
9 employment of economically disadvantaged people who are involved in the
10 creation and expansion of businesses with marketable products and
11 services in a physical location provide many public benefits to the
12 people of the state of Washington. Therefore, the legislature finds
13 that it is in the best interest of the state of Washington to provide
14 a limited property tax exemption for the use of these facilities by
15 certain organizations in order to be self-sustaining for their exempt
16 purposes.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 84.36 RCW
18 to read as follows:

1 (1) The real and personal property owned or used by a nonprofit
2 organization is exempt from taxation if the property is used to: (a)
3 Assist startup and expanding businesses by providing education,
4 training, and employment of economically disadvantaged people; or (b)
5 provide shared use of equipment and work areas and daily technical
6 resources that enable entrepreneurs to transform private activities
7 into successful businesses.

8 (2) The organization or association must meet all of the additional
9 following conditions:

10 (a) The organization is organized and conducted for nonsectarian
11 purposes.

12 (b) The organization is qualified for exemption under section
13 501(c)(3) of the federal internal revenue code.

14 (c) The organization is governed by a volunteer board of directors
15 of at least five members.

16 **Sec. 3.** RCW 84.36.810 and 2003 c 344 s 2 are each amended to read
17 as follows:

18 (1)(a) Upon cessation of a use under which an exemption has been
19 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,
20 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550,
21 84.36.650, 84.36.560, (~~and~~) 84.36.570, and section 2 of this act,
22 except as provided in (b) of this subsection, the county treasurer
23 shall collect all taxes which would have been paid had the property not
24 been exempt during the three years preceding, or the life of such
25 exemption, if such be less, together with the interest at the same rate
26 and computed in the same way as that upon delinquent property taxes.
27 If the property has been granted an exemption for more than ten
28 consecutive years, taxes and interest shall not be assessed under this
29 section.

30 (b) Upon cessation of use by an institution of higher education of
31 property exempt under RCW 84.36.050(2) the county treasurer shall
32 collect all taxes which would have been paid had the property not been
33 exempt during the seven years preceding, or the life of the exemption,
34 whichever is less.

35 (2) Subsection (1) of this section applies only when ownership of
36 the property is transferred or when fifty-one percent or more of the

1 area of the property loses its exempt status. The additional tax under
2 subsection (1) of this section shall not be imposed if the cessation of
3 use resulted solely from:

4 (a) Transfer to a nonprofit organization, association, or
5 corporation for a use which also qualifies and is granted exemption
6 under this chapter;

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

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

13 (d) A natural disaster such as a flood, windstorm, earthquake, or
14 other such calamity rather than by virtue of the act of the
15 organization, association, or corporation changing the use of such
16 property;

17 (e) Relocation of the activity and use of another location or site
18 except for undeveloped properties of camp facilities exempted under RCW
19 84.36.030;

20 (f) Cancellation of a lease on leased property that had been exempt
21 under this chapter; or

22 (g) A change in the exempt portion of a home for the aging under
23 RCW 84.36.041(3), as long as some portion of the home remains exempt.

24 (3) Subsections (2)(e) and (f) of this section do not apply to
25 property leased to a state institution of higher education and exempt
26 under RCW 84.36.050(2).

27 NEW SECTION. **Sec. 4.** This act applies to taxes levied for
28 collection in 2005 and thereafter.

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