
SENATE BILL 6370

State of Washington

59th Legislature

2006 Regular Session

By Senator Haugen

Read first time 01/11/2006. Referred to Committee on Ways & Means.

1 AN ACT Relating to property tax exemptions for nonprofit
2 organizations and associations; and amending RCW 84.36.030 and
3 84.36.805.

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

5 **Sec. 1.** RCW 84.36.030 and 1993 c 327 s 2 are each amended to read
6 as follows:

7 The following real and personal property shall be exempt from
8 taxation:

9 (1) Property owned by nonprofit organizations or associations,
10 organized and conducted for nonsectarian purposes, which shall be used
11 for character-building, benevolent, protective or rehabilitative social
12 services directed at persons of all ages. The sale of donated
13 merchandise shall not be considered a commercial use of the property
14 under this section if the proceeds are devoted to the furtherance of
15 the purposes of the selling organization or association as specified in
16 this paragraph.

17 The exemption is not nullified by the lease or rental of the
18 property to entities not eligible for a property tax exemption under
19 this chapter if (a) the property is used a majority of the time for the

1 exempt purpose by the nonprofit organization or association, (b) the
2 amount of the rent or donations collected is reasonable, and (c) the
3 proceeds are used to retire the first mortgage on the property.

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

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

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

31 The use of the property for pecuniary gain or to promote business
32 activities, except as provided in this subsection (4), nullifies the
33 exemption otherwise available for the property for the assessment year.
34 The exemption is not nullified by:

35 (a) The collection of rent or donations if the amount is reasonable
36 and does not exceed maintenance and operation expenses.

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

1 (c) The use of the property for pecuniary gain for periods of not
2 more than three days in a year.

3 (d) An inadvertent use of the property in a manner inconsistent
4 with the purpose for which exemption is granted, if the inadvertent use
5 is not part of a pattern of use. A pattern of use is presumed when an
6 inadvertent use is repeated in the same assessment year or in two or
7 more successive assessment years.

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

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

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

23 **Sec. 2.** RCW 84.36.805 and 2003 c 121 s 2 are each amended to read
24 as follows:

25 (1) In order to qualify for an exemption under this chapter, the
26 nonprofit organizations, associations, or corporations must satisfy the
27 conditions in this section.

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

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

34 (i) Except for the exemption under RCW 84.36.030(1), the rents and
35 donations received for the use of the portion of the property are
36 reasonable and do not exceed the maintenance and operation expenses
37 attributable to the portion of the property loaned or rented; and

1 (ii) Except for the exemptions under RCW 84.36.030 (1) and (4),
2 84.36.037, and 84.36.060(1) (a) and (b), the property would be exempt
3 from tax if owned by the organization to which it is loaned or rented;

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

7 (3) The property must be irrevocably dedicated to the purpose for
8 which exemption has been granted, and on the liquidation, dissolution,
9 or abandonment by said organization, association, or corporation, said
10 property will not inure directly or indirectly to the benefit of any
11 shareholder or individual, except a nonprofit organization,
12 association, or corporation which too would be entitled to property tax
13 exemption. This property need not be irrevocably dedicated if it is
14 leased or rented to those qualified for exemption under this chapter or
15 RCW 84.36.560 for leased property, but only if under the terms of the
16 lease or rental agreement the nonprofit organization, association, or
17 corporation receives the benefit of the exemption.

18 (4) The facilities and services must be available to all regardless
19 of race, color, national origin or ancestry.

20 (5) The organization, association, or corporation must be duly
21 licensed or certified where such licensing or certification is required
22 by law or regulation.

23 (6) Property sold to organizations, associations, or corporations
24 with an option to be repurchased by the seller shall not qualify for
25 exempt status. This subsection does not apply to property sold to a
26 nonprofit entity, as defined in RCW 84.36.560(7), by:

27 (a) A nonprofit as defined in RCW 84.36.800 that is exempt from
28 income tax under section 501(c) of the federal internal revenue code;

29 (b) A governmental entity established under RCW 35.21.660,
30 35.21.670, or 35.21.730;

31 (c) A housing authority created under RCW 35.82.030;

32 (d) A housing authority meeting the definition in RCW
33 35.82.210(2)(a); or

34 (e) A housing authority established under RCW 35.82.300.

35 (7) The department shall have access to its books in order to
36 determine whether the nonprofit organization, association, or
37 corporation is exempt from taxes under this chapter.

1 (8) This section does not apply to exemptions granted under RCW
2 84.36.020, 84.36.032, 84.36.250, and 84.36.260.

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