

HOUSE BILL REPORT

HB 1746

As Passed House:

March 12, 2007

Title: An act relating to the property taxation of historic property leased to counties.

Brief Description: Exempting certain historic property leased to counties from property taxation.

Sponsors: By Representatives Orcutt, Santos, McIntire and Alexander.

Brief History:

Committee Activity:

Finance: 2/9/07, 3/2/07 [DP].

Floor Activity:

Passed House: 3/12/07, 95-0.

Brief Summary of Bill

- Exempts certain historic property leased to counties from property taxation.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Jeff Mitchell (786-7139).

Background:

The St. Urban Church, located in Winlock, Washington, was built in the 1880s. The wood-frame church retains many of its historic artifacts. Some renovations have taken place over the years, but disuse and damage from the elements have caused it to fall into general disrepair. The church has been closed for the past five years. In 2005, the Archdiocese of Seattle, lacking restoration funds, leased the church to Lewis County for fifty years for a lease fee of \$1 per year. The St. Urban Settlement Foundation, a nonprofit organization formed by local community members, is responsible for the restoration. The Lewis County Parks

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Department will assume management of the site when the work is completed. The church will be used for weddings as well as public meetings and tours.

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 State Constitution specifically exempts property owned by the state or local governments from property taxation. This Constitutional requirement is also codified in statute. Generally, property must be owned by the governmental entity. Property leased by the state or local government is not exempt from property taxation.

Summary of Bill:

Property leased to a county by a nonprofit religious organization is exempt from property taxation if the property is used by the county primarily for historic restoration and preservation, historic displays, educational programs, and other public uses consistent with the property's historic past.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill makes our tax policy make a little more sense. After a lot of research and effort we decided that the best way to solve this dilemma was to come to you. I've passed out a handout about the church and the foundation's restoration plans. The question came up about the church's placement on the historic register. The community has wanted to place the church on the historic register for some time. The owner has to agree to its placement on the register. The Archdiocese of Seattle didn't initially approve its placement on the register. However, when the lease was negotiated with the Archdiocese, they did agree to its placement on the historic register. The nonprofit organization responsible for restoration has raised approximately \$100,000.

(Opposed) None.

Persons Testifying: Representative Orcutt, prime sponsor; Rose Bowman, Lewis County Treasurer; Mark Brown and Elson Strahan, City of Vancouver.

Persons Signed In To Testify But Not Testifying: None.