
Finance Committee

HB 2217

Brief Description: Modifying provisions concerning the use of tax exempt property by noneligible entities for certain organizations.

Sponsors: Representatives Orcutt, Wallace and Curtis.

Brief Summary of Bill

- Modifies the property tax exemption for artistic, scientific, and historical property.

Hearing Date: 3/1/07

Staff: Jeff Mitchell (786-7139).

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 non-profit organizations. Examples of non-profit 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; sheltered workshops; fair associations; humane societies; water distribution property; schools and colleges; radio/television rebroadcast facilities; fire company property; daycare centers; free public libraries; orphanages; nursing homes; hospitals; outpatient dialysis facilities; homes for the aging; day care centers; homeless shelters; outpatient dialysis facilities; and blood banks.

Real and personal property of art, scientific, and historical collections owned by nonprofit organizations is also exempt from property tax. To qualify for the exemption, the nonprofit organization must be organized and operated exclusively for artistic, scientific, or historical purposes and must receive a substantial part of its support from government or contributions from the general public. The property tax exemption is nullified if the property is used by an entity not

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eligible for a property tax exemption unless: (a) the entity does not use the property for more than 25 days in a calendar year; (b) the property is not used for profit for more than seven of the 25 days in the calendar year; (c) the property must be used for an exempt purpose; and (d) the amount of any rent or donations is reasonable and does not exceed maintenance and operations expenses created by the user.

Summary of Bill:

The 25 day exception for property used by an entity not otherwise eligible for the property tax exemption is extended to 50 days for artistic, scientific, and historical property located in the unincorporated area of a county if the property is not located within 12 miles of a city with a population of 15,000 or more and the nonprofit organization does not have paid employees.

Appropriation: None.

Fiscal Note: Available.

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