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HOUSE BILL 2217

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Orcutt, Wallace and Curtis

Read first time 02/13/2007. Referred to Committee on Finance.

1            AN ACT Relating to the use by noneligible entities of tax exempt  
2 property owned by certain organizations; and amending RCW 84.36.060.

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

4            **Sec. 1.** RCW 84.36.060 and 2003 c 121 s 1 are each amended to read  
5 as follows:

6            (1) The following property shall be exempt from taxation:

7            (a) All art, scientific, or historical collections of associations  
8 maintaining and exhibiting such collections for the benefit of the  
9 general public and not for profit, together with all real and personal  
10 property of such associations used exclusively for the safekeeping,  
11 maintaining and exhibiting of such collections;

12            (b) All the real and personal property owned by or leased to  
13 associations engaged in the production and performance of musical,  
14 dance, artistic, dramatic, or literary works for the benefit of the  
15 general public and not for profit, which real and personal property is  
16 used exclusively for this production or performance;

17            (c) All fire engines and other implements used for the  
18 extinguishment of fire, and the buildings used exclusively for their

1 safekeeping, and for meetings of fire companies, as long as the  
2 property belongs to any city or town or to a fire company; and

3 (d) All property owned by humane societies in this state in actual  
4 use by the societies.

5 (2) To receive an exemption under subsection (1)(a) or (b) of this  
6 section:

7 (a) An organization must be organized and operated exclusively for  
8 artistic, scientific, historical, literary, musical, dance, dramatic,  
9 or educational purposes and receive a substantial part of its support  
10 (exclusive of income received in the exercise or performance by such  
11 organization of its purpose or function) from the United States or any  
12 state or any political subdivision thereof or from direct or indirect  
13 contributions from the general public.

14 (b) If the property is not currently being used for an exempt  
15 purpose but will be used for an exempt purpose within a reasonable  
16 period of time, the nonprofit organization, association, or corporation  
17 claiming the exemption must submit proof that a reasonably specific and  
18 active program is being carried out to construct, remodel, or otherwise  
19 enable the property to be used for an exempt purpose. The property  
20 does not qualify for an exemption during this interim period if the  
21 property is used by, loaned to, or rented to a for-profit organization  
22 or business enterprise. Proof of a specific and active program to  
23 build or remodel the property so it may be used for an exempt purpose  
24 may include, but is not limited to:

25 (i) Affirmative action by the board of directors, trustees, or  
26 governing body of the nonprofit organization, association, or  
27 corporation toward an active program of construction or remodeling;

28 (ii) Itemized reasons for the proposed construction or remodeling;

29 (iii) Clearly established plans for financing the construction or  
30 remodeling; or

31 (iv) Building permits.

32 (3) The use of property exempt under subsection (1)(a) or (b) of  
33 this section by entities not eligible for a property tax exemption  
34 under this chapter, except as provided in this section, nullifies the  
35 exemption otherwise available for the property for the assessment year.  
36 The exemption is not nullified if:

37 (a) The property is used by entities not eligible for a property  
38 tax exemption under this chapter: (i) For periods of not more than

1 twenty-five days in the calendar year; or (ii) for periods of not more  
2 than fifty days in the calendar year, if the following conditions are  
3 met:

4 (A) The property: (I) Meets the requirements in subsection (1)(a)  
5 of this section; (II) is located in unincorporated territory; and (III)  
6 is no closer than twelve miles to an incorporated jurisdiction with a  
7 population of fifteen thousand persons or more; and

8 (B) The property owner is an organization that does not have paid  
9 employees at the property site;

10 (b) The property is not used for pecuniary gain or to promote  
11 business activities for more than seven of the twenty-five days in the  
12 calendar year;

13 (c) The property is used for artistic, scientific, or historic  
14 purposes, for the production and performance of musical, dance,  
15 artistic, dramatic, or literary works, or for community gatherings or  
16 assembly, or meetings; and

17 (d) The amount of any rent or donations is reasonable and does not  
18 exceed maintenance and operation expenses created by the user.

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