

FINAL BILL REPORT

SB 5680

C 58 L 09
Synopsis as Enacted

Brief Description: Modifying the property tax exemption for nonprofit artistic, scientific, historical, and performing arts organizations.

Sponsors: Senators Jarrett, Zarelli, Shin, Kohl-Welles and Oemig.

Senate Committee on Ways & Means
House Committee on Finance

Background: All property in this state is subject to property tax each year based on the property's value unless a specific exemption is provided by law. Several property tax exemptions exist for nonprofit organizations.

Property tax exempt property must be used exclusively for the actual operation of the activity for which the exemption was granted. Generally the property may be loaned or rented if (1) the rent received for the use of the property is reasonable and does not exceed maintenance and operation expenses; and (2) the organization renting the property would be exempt from tax if it owned the property.

Exemptions for renting the property to nonexempt organizations are provided for public assembly halls (use for pecuniary gain limited to 15 days a year); war veterans organizations (use for pecuniary gain limited to 15 days a year), character building, benevolent, protective, or rehabilitative social service organizations (all nonexempt users limited to 15 days for organizations located in counties with population less than 20,000); schools and colleges (use for pecuniary gain limited to seven days a year), scientific and historical collections, as well as performing arts properties (all nonexempt users limited to 25 days of which seven can be for pecuniary gain).

Summary: Nonprofit associations that maintain and exhibit historical, scientific, or artistic collections, as well as performing arts associations, may retain their property tax exemption when they allow another organization that does not qualify for the property tax exemption to use or rent their exempt property.

The number of days that property may be used for these purposes is increased from 25 to 50 days per year. The number of days the property may be used for profit-making business activities is increased from seven days to 15 days.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The time used for setup and takedown activities preceding or following a meeting or other event does not count against the 15- and 50-day limitations. Rental charges are no longer limited to an amount that does not exceed the maintenance and operation expenses created by the user.

Votes on Final Passage:

Senate	48	0
House	97	0

Effective: July 26, 2009