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## Finance Committee

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### HB 1094

**Brief Description:** Providing a property tax exemption for property owned by a qualifying nonprofit organization and loaned, leased, or rented to and used by any government entity to provide character-building, benevolent, protective, or rehabilitative social services.

**Sponsors:** Representatives Walen, Ryu, Shavers, Lekanoff, Reeves and Donaghy.

#### Brief Summary of Bill

- Exempts property owned by a nonsectarian nonprofit organization from property taxes if the organization loans, leases, or rents the property to any government entity, a federally recognized Indian tribe located in Washington, or another nonprofit organization using the property to provide character-building, benevolent, protective, or rehabilitative social services.

**Hearing Date:** 1/23/25

**Staff:** Rachelle Harris (786-7137).

#### Background:

All real and personal property is subject to a tax each year based on the highest and best use, unless a specific exemption is provided by law. The annual growth of all regular property tax levy revenue is limited as follows:

- For jurisdictions with a population of less than 10,000, revenue growth is limited to 1 percent.
- For jurisdictions with a population of 10,000 or more, revenue growth is limited to the lesser of inflation or 1 percent plus the value of new construction.

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

The state collects two regular property tax levies for common schools. The revenue growth limit applies to both levies.

The Washington Constitution also limits regular levies to a maximum of 1 percent of the property's value (\$10 per \$1,000 of assessed value). There are individual district rate maximums and aggregate rate maximums to keep the total tax rate for regular property taxes within the constitutional limit.

Some real and personal property is specifically exempt from taxation, which is generally determined by the use of said property.

Property owned by a nonsectarian nonprofit organization that is used for character-building, benevolent, protective, or rehabilitative social services is exempt from property tax.

**Summary of Bill:**

Property owned by a nonsectarian nonprofit organization is exempt from property taxes if the organization loans, leases, or rents the property to any government entity, a federally recognized Indian tribe located in Washington, or another nonprofit organization using the property to provide character-building, benevolent, protective, or rehabilitative social services.

**Appropriation:** None.

**Fiscal Note:** Available.

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