

SENATE BILL REPORT

SB 5516

As of February 4, 2025

Title: An act relating to modifying the property tax exemption for community centers.

Brief Description: Modifying the property tax exemption for community centers.

Sponsors: Senators Conway and Nobles.

Brief History:

Committee Activity: Ways & Means: 2/04/25.

Brief Summary of Bill

- Expands the property tax exemption for community centers to include surplus property and buildings of a nonprofit university acquired by a nonprofit organization.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tianyi Lan (786-7432)

Background: Property Tax Exemptions for Nonprofits. Real and personal property is subject to a tax each year based on its highest and best use, unless a specific exemption is provided by law. Nonprofit organizations, though exempt from federal taxes, are not generally exempt from property taxes in Washington. Organizations must exclusively use their property to conduct an activity specifically exempted by the Legislature to qualify. Schools, churches, cemeteries, hospitals, social service agencies, character building organizations, nursing homes, homes for the aging, museums, performing arts facilities, and public meeting halls are examples of organizations that may receive a property tax exemption.

Property Tax Exemption for Community Centers Purchased or Acquired by Nonprofits. Property tax does not apply, for 40 years, to surplus property and buildings of a school

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district acquired by a nonprofit organization that uses the property as a community center. After acquisition, the nonprofit organization must convert the property to community facilities for the delivery of nonresidential coordinated services for community members. The community center may make space available to businesses, individuals, or other parties through the loan or rental of space in or on the property.

Property Tax Exemption for Nonprofit Universities. Property taxes do not apply to real and personal property used by private, nonprofit colleges and universities for educational or cultural purposes. The exemption applies to buildings and grounds used for educational, athletic, or social programs and housing of students and faculty. The maximum amount of real property exempted is 400 acres.

Tax Preference Performance Statement. State law provides a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Legislation that establishes or expands a tax preference must include a tax preference performance statement that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee (JLARC) can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided or the tax preference is exempted from expiration.

Summary of Bill: The bill expands the property tax exemption for community centers to include surplus property and buildings of a nonprofit university acquired by a nonprofit organization for the purpose of converting the property to a community center.

The expanded exemption applies for property taxes due for calendar year 2026 through 2035 and is not subject to JLARC review.

Appropriation: None.

Fiscal Note: Requested on January 26, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.