
HOUSE BILL 2892

State of Washington

52nd Legislature

1992 Regular Session

By Representatives Wang, Brumsickle, Leonard, Wynne, Day, Fraser, J. Kohl, Paris, Dellwo, D. Sommers, Kremen, Brough, Bowman, Ludwig, Ferguson, Winsley, Forner, Wood, Carlson, Silver, Hochstatter, Horn, May, Mitchell, P. Johnson and Miller

Read first time 01/31/92. Referred to Committee on Revenue.

1 AN ACT Relating to property tax exemptions for organizations
2 distributing funds for character-building, benevolent, protective, or
3 rehabilitative social services directed at persons of all ages;
4 amending RCW 84.36.800 and 84.36.810; reenacting and amending RCW
5 84.36.805; adding a new section to chapter 84.36 RCW; and creating a
6 new section.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW
9 to read as follows:

10 The real and personal property owned by nonprofit organizations and
11 used for solicitation or collection of gifts, donations, or grants is
12 exempt from taxation if the organization meets all of the following
13 conditions:

1 (1) The organization is organized and conducted for nonsectarian
2 purposes.

3 (2) The organization is affiliated with a state or national
4 organization that authorizes, approves, or sanctions volunteer
5 charitable fund-raising organizations.

6 (3) The organization is qualified for exemption under section
7 501(c)(3) of the federal internal revenue code.

8 (4) The organization is governed by a volunteer board of directors.

9 (5) The gifts, donations, and grants are used by the organization
10 for character-building, benevolent, protective, or rehabilitative
11 social services directed at persons of all ages, or for distribution
12 under subsection (6) of this section.

13 (6) The organization distributes gifts, donations, or grants to at
14 least five other nonprofit organizations or associations that are
15 organized and conducted for nonsectarian purposes and provide
16 character-building, benevolent, protective, or rehabilitative social
17 services directed at persons of all ages.

18 **Sec. 2.** RCW 84.36.800 and 1989 c 379 s 3 are each amended to read
19 as follows:

20 As used in RCW 84.36.020, 84.36.030, section 1 of this act,
21 84.36.037, 84.36.040, 84.36.041, 84.36.050, 84.36.060, and 84.36.800
22 through 84.36.865:

23 (1) "Church purposes" means the use of real and personal property
24 owned by a nonprofit religious organization for religious worship or
25 related administrative, educational, eleemosynary, and social
26 activities. This definition is to be broadly construed;

27 (2) "Convent" means a house or set of buildings occupied by a
28 community of clergymen or nuns devoted to religious life under a
29 superior;

1 (3) "Hospital" means any portion of a hospital building, or other
2 buildings in connection therewith, used as a residence for persons
3 engaged or employed in the operation of a hospital, or operated as a
4 portion of the hospital unit;

5 (4) "Nonprofit" means an organization, association or corporation
6 no part of the income of which is paid directly or indirectly to its
7 members, stockholders, officers, directors or trustees except in the
8 form of services rendered by the organization, association, or
9 corporation in accordance with its purposes and bylaws and the salary
10 or compensation paid to officers of such organization, association or
11 corporation is for actual services rendered and compares to the salary
12 or compensation of like positions within the public services of the
13 state;

14 (5) "Parsonage" means a residence occupied by a clergyman who is
15 designated for a particular congregation and who holds regular services
16 therefor.

17 **Sec. 3.** RCW 84.36.805 and 1990 c 283 ss 3 and 7 are each reenacted
18 and amended to read as follows:

19 In order to be exempt pursuant to RCW 84.36.030, section 1 of this
20 act, 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
21 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480, the
22 nonprofit organizations, associations or corporations shall satisfy the
23 following conditions:

24 (1) The property is used exclusively for the actual operation of
25 the activity for which exemption is granted, unless otherwise provided,
26 and does not exceed an amount reasonably necessary for that purpose,
27 except:

28 (a) The loan or rental of the property does not subject the
29 property to tax if:

1 (i) The rents and donations received for the use of the portion of
2 the property are reasonable and do not exceed the maintenance and
3 operation expenses attributable to the portion of the property loaned
4 or rented; and

5 (ii) Except for the exemptions under RCW 84.36.030(4) and
6 84.36.037, the property would be exempt from tax if owned by the
7 organization to which it is loaned or rented;

8 (b) The use of the property for fund-raising activities does not
9 subject the property to tax if the fund-raising activities are
10 consistent with the purposes for which the exemption is granted;

11 (2) The property is irrevocably dedicated to the purpose for which
12 exemption has been granted, and on the liquidation, dissolution, or
13 abandonment by said organization, association, or corporation, said
14 property will not inure directly or indirectly to the benefit of any
15 shareholder or individual, except a nonprofit organization,
16 association, or corporation which too would be entitled to property tax
17 exemption: PROVIDED, That the property need not be irrevocably
18 dedicated if it is leased or rented to those qualified for exemption
19 pursuant to RCW 84.36.040, 84.36.041, or 84.36.043 or those qualified
20 for exemption as an association engaged in the production or
21 performance of musical, dance, artistic, dramatic, or literary works
22 pursuant to RCW 84.36.060, but only if under the terms of the lease or
23 rental agreement the nonprofit organization, association, or
24 corporation receives the benefit of the exemption;

25 (3) The facilities and services are available to all regardless of
26 race, color, national origin or ancestry;

27 (4) The organization, association, or corporation is duly licensed
28 or certified where such licensing or certification is required by law
29 or regulation;

1 (5) Property sold to organizations, associations, or corporations
2 with an option to be repurchased by the seller shall not qualify for
3 exempt status;

4 (6) The director of the department of revenue shall have access to
5 its books in order to determine whether such organization, association,
6 or corporation is exempt from taxes within the intent of RCW 84.36.030,
7 84.36.035, 84.36.037, 84.36.040, 84.36.041, 84.36.043, 84.36.045,
8 84.36.047, 84.36.050, 84.36.060, 84.36.350, and 84.36.480.

9 **Sec. 4.** RCW 84.36.810 and 1990 c 283 s 4 are each amended to read
10 as follows:

11 (1) Upon cessation of a use under which an exemption has been
12 granted pursuant to RCW 84.36.030, section 1 of this act, 84.36.037,
13 84.36.040, 84.36.041, 84.36.043, 84.36.050, and 84.36.060, the county
14 treasurer shall collect all taxes which would have been paid had the
15 property not been exempt during the three years preceding, or the life
16 of such exemption, if such be less, together with the interest at the
17 same rate and computed in the same way as that upon delinquent property
18 taxes: PROVIDED, That where the property has been granted an exemption
19 for more than ten years, taxes and interest shall not be assessed under
20 this section.

21 (2) Subsection (1) of this section applies only when ownership of
22 the property is transferred or when fifty-one percent or more of the
23 area of the property has lost its exempt status. The additional tax
24 under subsection (1) of this section shall not be imposed if the
25 cessation of use resulted solely from:

26 (a) Transfer to a nonprofit organization, association, or
27 corporation for a use which also qualifies and is granted exemption
28 under the provisions of chapter 84.36 RCW;

1 (b) A taking through the exercise of the power of eminent domain,
2 or sale or transfer to an entity having the power of eminent domain in
3 anticipation of the exercise of such power;

4 (c) Official action by an agency of the state of Washington or by
5 the county or city within which the property is located which disallows
6 the present use of such property;

7 (d) A natural disaster such as a flood, windstorm, earthquake, or
8 other such calamity rather than by virtue of the act of the
9 organization, association, or corporation changing the use of such
10 property;

11 (e) Relocation of the activity and use of another location or site
12 except for undeveloped properties of camp facilities exempted under RCW
13 84.36.030;

14 (f) Cancellation of a lease on property that had been exempt under
15 RCW 84.36.040, 84.36.041, 84.36.043, or 84.36.060;

16 (g) A change in the exempt portion of a home for the aging under
17 RCW 84.36.041(2), as long as some portion of the home remains exempt;

18 (h) The conversion of a full exemption of a home for the aging to
19 a partial exemption or taxable status under RCW 84.36.041(7).

20 NEW SECTION. **Sec. 5.** This act shall be effective for taxes
21 levied for collection in 1993 and thereafter.