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**SUBSTITUTE SENATE BILL 5017**

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**State of Washington**

**62nd Legislature**

**2011 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Regala, Honeyford, Kastama, Pridemore, Delvin, Kilmer, Kline, Shin, Conway, Hewitt, and Haugen)

READ FIRST TIME 02/25/11.

1       AN ACT Relating to providing a property tax exemption for property  
2 held under lease, sublease, or lease-purchase by a nonprofit  
3 organization that provides job training, placement, or preemployment  
4 services; amending RCW 84.36.030; and creating a new section.

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

6       **Sec. 1.** RCW 84.36.030 and 2006 c 305 s 1 are each amended to read  
7 as follows:

8       The following real and personal property shall be exempt from  
9 taxation:

10       (1)(a) Property owned by nonprofit organizations or associations,  
11 organized and conducted for nonsectarian purposes, which shall be used  
12 for character-building, benevolent, protective or rehabilitative social  
13 services directed at persons of all ages.

14       (b) The sale of donated merchandise shall not be considered a  
15 commercial use of the property under this section if the proceeds are  
16 devoted to the furtherance of the purposes of the selling organization  
17 or association as specified in this subsection (1).

18       (c) In a county with a population of less than twenty thousand, the  
19 rental or use of property, owned by a nonprofit organization or

1 association described in (a) of this subsection, by a person, group, or  
2 organization in one of the following ways shall not nullify the  
3 exemption:

4 (i) The property may be rented or used for pecuniary gain or for  
5 business activities or by individuals, groups, and organizations for  
6 private purposes if the rental or use:

7 (A) Does not exceed fifteen days each assessment year;

8 (B) No comparable private for-profit facility exists within ten  
9 miles of the property that could be used for the same purpose for which  
10 the property is loaned or rented; and

11 (C) All income from the rental or use of the exempt property is  
12 used for capital improvements to the exempt property, maintenance and  
13 operation of the exempt property, or for exempt purposes; or

14 (ii) The property is rented or used by a nonprofit community group  
15 or other nonprofit organization that might not qualify for exemption if  
16 it owned the property as long as the rental or use of the property:

17 (A) Does not exceed fifteen days each assessment year;

18 (B) Does not result in pecuniary gain;

19 (C) Does not involve business activities;

20 (D) Is always for the general public good; and

21 (E) All income from the rental or use of the exempt property is  
22 used for capital improvements to the exempt property, maintenance and  
23 operation of the exempt property, or for exempt purposes.

24 (d) Property primarily used for providing job training, placement,  
25 or preemployment services or for supporting job training, placement, or  
26 preemployment services through the sale of donated goods as provided in  
27 (b) of this subsection (1) and which is leased by an organization or  
28 association which otherwise meets the requirements in this subsection  
29 (1) and is exempt from federal income taxation under 26 U.S.C. Sec.  
30 501(c)(3) of the federal internal revenue code. To qualify for the  
31 exemption, the lease, sublease, or lease-purchase agreement must  
32 expressly require the organization or association which is lessee or  
33 sublessee to pay any property taxes for the leased or subleased  
34 property.

35 (2) Property owned by any nonprofit church, denomination, group of  
36 churches, or an organization or association, the membership of which is  
37 comprised solely of churches or their qualified representatives, which  
38 is utilized as a camp facility if used for organized and supervised

1 recreational activities and church purposes as related to such camp  
2 facilities. The exemption provided by this paragraph shall apply to a  
3 maximum of two hundred acres of any such camp as selected by the  
4 church, including buildings and other improvements thereon.

5 (3) Property, including buildings and improvements required for the  
6 maintenance and safeguarding of such property, owned by nonprofit  
7 organizations or associations engaged in character building of boys and  
8 girls under eighteen years of age, and used for such purposes and uses,  
9 provided such purposes and uses are for the general public good:  
10 PROVIDED, That if existing charters provide that organizations or  
11 associations, which would otherwise qualify under the provisions of  
12 this paragraph, serve boys and girls up to the age of twenty-one years,  
13 then such organizations or associations shall be deemed qualified  
14 pursuant to this section.

15 (4)(a) Property owned by all organizations and societies of  
16 veterans of any war of the United States, recognized as such by the  
17 department of defense, which shall have national charters, and which  
18 shall have for their general purposes and objects the preservation of  
19 the memories and associations incident to their war service and the  
20 consecration of the efforts of their members to mutual helpfulness and  
21 to patriotic and community service to state and nation. To be exempt  
22 such property must be used in such manner as may be reasonably  
23 necessary to carry out the purposes and objects of such societies.

24 (b) The use of the property for pecuniary gain or for business  
25 activities, except as provided in this subsection (4), nullifies the  
26 exemption otherwise available for the property for the assessment year.  
27 The exemption is not nullified by:

28 (i) The collection of rent or donations if the amount is reasonable  
29 and does not exceed maintenance and operation expenses.

30 (ii) Fund-raising activities conducted by a nonprofit organization.

31 (iii) The use of the property for pecuniary gain for periods of not  
32 more than fifteen days in a year.

33 (c) An inadvertent use of the property in a manner inconsistent  
34 with the purpose for which exemption is granted, if the inadvertent use  
35 is not part of a pattern of use. A pattern of use is presumed when an  
36 inadvertent use is repeated in the same assessment year or in two or  
37 more successive assessment years.

1 (5) Property owned by all corporations, incorporated under any act  
2 of congress, whose principal purposes are to furnish volunteer aid to  
3 members of the armed forces of the United States and also to carry on  
4 a system of national and international relief and to apply the same in  
5 mitigating the sufferings caused by pestilence, famine, fire, floods,  
6 and other national calamities and to devise and carry on measures for  
7 preventing the same.

8 (6) Property owned by nonprofit organizations exempt from federal  
9 income tax under section 501(c)(3) of the internal revenue code of  
10 1954, as amended, that are guarantee agencies under the federal  
11 guaranteed student loan program or that issue debt to provide or  
12 acquire student loans.

13 (7) To be exempt under this section, the property must be used  
14 exclusively for the purposes for which exemption is granted, except as  
15 provided in RCW 84.36.805.

16 (8) For the purposes of this section, "general public good" means  
17 members of the community derive a benefit from the rental or use of the  
18 property by the nonprofit community group or organization.

19 NEW SECTION. **Sec. 2.** This act applies to taxes levied for  
20 collection in 2012 and thereafter.

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