
SECOND SUBSTITUTE SENATE BILL 5989

State of Washington 60th Legislature 2008 Regular Session

By Senate Economic Development, Trade & Management (originally sponsored by Senators Kastama and Rasmussen)

READ FIRST TIME 02/04/08.

1 AN ACT Relating to property tax exemptions for nonprofit
2 organizations using property for purposes related to small startup
3 businesses; amending RCW 84.36.810; adding a new section to chapter
4 84.36 RCW; and creating a new section.

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

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

8 (1) The real and personal property owned and used exclusively by a
9 nonprofit small business incubator is exempt from property tax to the
10 extent the nonprofit organization provides, on an ongoing basis,
11 business-related training designed to assist new businesses in forming
12 a sound business plan, daily management support services, and general
13 technical assistance. This includes areas of the real property used by
14 the nonprofit for administrative offices, common areas of buildings,
15 and meeting or training rooms, as well as parking spaces reserved for
16 administrative staff, that are under the direct control and supervision
17 of the nonprofit organization and for which no rent or fee for use is
18 charged to client businesses.

1 (a) For purposes of this section, a "nonprofit small business
2 incubator" means a business incubator that is recognized by the federal
3 internal revenue service as an organization exempt from taxation under
4 Title 26 U.S.C. Sec. 501(c)(3) or (c)(6) of the federal internal
5 revenue code.

6 (b) Any portion of the real property that is not exclusively used
7 or leased by the nonprofit organization, or that is otherwise used by
8 a for-profit business, will nullify the exemption and subject that area
9 of the property to taxation.

10 (2) In order to maintain eligibility to receive the exemption under
11 this section, a nonprofit organization that otherwise meets the
12 requirements in subsection (1) of this section must: (a) Apply for the
13 Washington state quality award within two years after first receiving
14 the exemption in this section; and (b) reapply for the Washington state
15 quality award at least once every three years after the initial
16 application for the award program.

17 **Sec. 2.** RCW 84.36.810 and 2006 c 305 s 4 are each amended to read
18 as follows:

19 (1)(a) Upon cessation of a use under which an exemption has been
20 granted pursuant to RCW 84.36.030, 84.36.037, 84.36.040, 84.36.041,
21 84.36.042, 84.36.043, 84.36.046, 84.36.050, 84.36.060, 84.36.550,
22 84.36.560, 84.36.570, (~~and~~) 84.36.650, and section 1 of this act,
23 except as provided in (b) of this subsection, the county treasurer
24 shall collect all taxes which would have been paid had the property not
25 been exempt during the three years preceding, or the life of such
26 exemption, if such be less, together with the interest at the same rate
27 and computed in the same way as that upon delinquent property taxes.
28 If the property has been granted an exemption for more than ten
29 consecutive years, taxes and interest shall not be assessed under this
30 section.

31 (b) Upon cessation of use by an institution of higher education of
32 property exempt under RCW 84.36.050(2) the county treasurer shall
33 collect all taxes which would have been paid had the property not been
34 exempt during the seven years preceding, or the life of the exemption,
35 whichever is less.

36 (2) Subsection (1) of this section applies only when ownership of
37 the property is transferred or when fifty-one percent or more of the

1 area of the property loses its exempt status. The additional tax under
2 subsection (1) of this section shall not be imposed if the cessation of
3 use resulted solely from:

4 (a) Transfer to a nonprofit organization, association, or
5 corporation for a use which also qualifies and is granted exemption
6 under this chapter;

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

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

13 (d) A natural disaster such as a flood, windstorm, earthquake, or
14 other such calamity rather than by virtue of the act of the
15 organization, association, or corporation changing the use of such
16 property;

17 (e) Relocation of the activity and use of another location or site
18 except for undeveloped properties of camp facilities exempted under RCW
19 84.36.030;

20 (f) Cancellation of a lease on leased property that had been exempt
21 under this chapter;

22 (g) A change in the exempt portion of a home for the aging under
23 RCW 84.36.041(3), as long as some portion of the home remains exempt;
24 or

25 (h) Transfer to an agency of the state of Washington or the city or
26 county within which the property is located.

27 (3) Subsection (2)(e) and (f) of this section (~~(do~~~~es~~)) does
28 not apply to property leased to a state institution of higher education
29 and exempt under RCW 84.36.050(2).

30 NEW SECTION. **Sec. 3.** This act applies to taxes levied for
31 collection in 2009 and thereafter.

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