
SUBSTITUTE HOUSE BILL 2346

State of Washington

52nd Legislature

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By House Committee on Revenue (originally sponsored by Representatives Haugen, Ballard, Wang, Chandler, Peery, Rayburn, Rasmussen, Riley, Forner, Basich, Spanel, Morris, Grant, Lisk, Kremen, Fuhrman, Paris and Zellinsky)

Read first time 02/11/92.

1 AN ACT Relating to use of real or personal property owned by
2 nonprofit organizations, associations, and corporations; and amending
3 RCW 84.36.037 and 84.36.030.

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

5 **Sec. 1.** RCW 84.36.037 and 1987 c 505 s 80 are each amended to read
6 as follows:

7 (1) Real or personal property owned by a nonprofit organization,
8 association, or corporation in connection with the operation of a
9 public assembly hall or meeting place is exempt from taxation. The
10 area exempt under this section includes the building or buildings, the
11 land under the buildings, and an additional area necessary for parking,
12 not exceeding a total of one acre: PROVIDED, That for property
13 essentially unimproved except for restroom facilities and structures on
14 such property which has been used primarily for annual community

1 celebration events for at least ten years, such exempt property shall
2 not exceed twenty-nine acres.

3 (2) To qualify for this exemption the property must be used
4 exclusively for public gatherings and be available to all organizations
5 or persons desiring to use the property, but the owner may impose
6 conditions and restrictions which are necessary for the safekeeping of
7 the property and promote the purposes of this exemption. Membership
8 shall not be a prerequisite for the use of the property.

9 (3) The use of the property for pecuniary gain or to promote
10 business activities, except fund raising activities conducted by a
11 nonprofit organization, nullifies the exemption otherwise available for
12 the property for the assessment year. The exemption is not nullified
13 by:

14 (a) The collection of rent or donations if the amount is reasonable
15 and does not exceed maintenance and operation expenses created by the
16 user.

17 (b) Using the property for casual and isolated sales that are
18 exempt from sales tax under RCW 82.08.0251.

19 (c) An inadvertent use of the property in a manner inconsistent
20 with the purpose for which exemption is granted, if the inadvertent use
21 is not part of a pattern of use. An inadvertent use that is repeated
22 in more than one assessment year is presumed to be part of a pattern of
23 use.

24 (4) The department of revenue shall narrowly construe this
25 exemption.

26 **Sec. 2.** RCW 84.36.030 and 1990 c 283 s 6 are each amended to read
27 as follows:

28 The following real and personal property shall be exempt from
29 taxation:

1 (1) Property owned by nonprofit organizations or associations,
2 organized and conducted for nonsectarian purposes, which shall be used
3 for character-building, benevolent, protective or rehabilitative social
4 services directed at persons of all ages. The sale of donated
5 merchandise shall not be considered a commercial use of the property
6 under this section if the proceeds are devoted to the furtherance of
7 the purposes of the selling organization or association as specified in
8 this paragraph.

9 (2) Property owned by any nonprofit church, denomination, group of
10 churches, or an organization or association, the membership of which is
11 comprised solely of churches or their qualified representatives, which
12 is utilized as a camp facility if used for organized and supervised
13 recreational activities and church purposes as related to such camp
14 facilities. The exemption provided by this paragraph shall apply to a
15 maximum of two hundred acres of any such camp as selected by the
16 church, including buildings and other improvements thereon.

17 (3) Property, including buildings and improvements required for the
18 maintenance and safeguarding of such property, owned by nonprofit
19 organizations or associations engaged in character building of boys and
20 girls under eighteen years of age, and used for such purposes and uses,
21 provided such purposes and uses are for the general public good:
22 PROVIDED, That if existing charters provide that organizations or
23 associations, which would otherwise qualify under the provisions of
24 this paragraph, serve boys and girls up to the age of twenty-one years,
25 then such organizations or associations shall be deemed qualified
26 pursuant to this section.

27 (4) Property owned by all organizations and societies of veterans
28 of any war of the United States, recognized as such by the department
29 of defense, which shall have national charters, and which shall have
30 for their general purposes and objects the preservation of the memories

1 and associations incident to their war service and the consecration of
2 the efforts of their members to mutual helpfulness and to patriotic and
3 community service to state and nation. To be exempt such property must
4 be used in such manner as may be reasonably necessary to carry out the
5 purposes and objects of such societies.

6 The use of the property for pecuniary gain or to promote business
7 activities, except fund raising activities conducted by a nonprofit
8 organization, nullifies the exemption otherwise available for the
9 property for the assessment year. The exemption is not nullified by:

10 (a) The collection of rent or donations if the amount is reasonable
11 and does not exceed maintenance and operation expenses created by the
12 user.

13 (b) Using the property for casual and isolated sales that are
14 exempt from sales tax under RCW 82.08.0251.

15 (c) An incidental use of the property in a manner inconsistent with
16 the purpose for which exemption is granted, if the incidental use is
17 not part of a pattern of use. An incidental use that is repeated in
18 more than one assessment year is presumed to be part of a pattern of
19 use.

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

27 (6) Property owned by nonprofit organizations exempt from federal
28 income tax under section 501(c)(3) of the internal revenue code of
29 1954, as amended, that are guarantee agencies under the federal

1 guaranteed student loan program or that issue debt to provide or
2 acquire student loans.

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