

FINAL BILL REPORT

SB 6280

C 319 L 06

Synopsis as Enacted

Brief Description: Removing the irrevocable dedication requirement for exemption from property taxes for nonprofit entities.

Sponsors: Senator Regala.

Senate Committee on Ways & Means
House Committee on Finance

Background: All property in this state is subject to the property tax each year based on the property's value unless a specific exemption is provided by law. The only class of property which is exempt by the State Constitution is that owned by the United States, the State, its counties, school districts, and other municipal corporations, but the State Constitution allows the Legislature to exempt other property from taxation.

Exemptions exist for personal property, public property, private property, and property of nonprofit organizations that is used for specific purposes. The property must be used exclusively for the purpose for which the exemption was granted. In addition, the property must be irrevocably dedicated to the purpose for which the exemption was granted. In other words, upon liquidation, dissolution, or abandonment by a nonprofit organization, the property may not benefit any shareholder or individual except a nonprofit organization that would be entitled to a property tax exemption if it applied for one. This requirement does not apply to leased property.

Summary: The irrevocable dedication requirement for property tax exemption for nonprofit organizations is eliminated.

Votes on Final Passage:

Senate	42	0
House	98	0

Effective: June 7, 2006