

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2402**

Chapter 186, Laws of 2010

61st Legislature  
2010 Regular Session

FARMERS MARKETS--PROPERTY TAX EXEMPTION

EFFECTIVE DATE: 06/10/10

Passed by the House March 6, 2010  
Yeas 94 Nays 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Passed by the Senate March 3, 2010  
Yeas 46 Nays 1

BRAD OWEN

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**President of the Senate**

Approved March 24, 2010, 1:30 p.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2402** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

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**Chief Clerk**

FILED

March 24, 2010

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2402**

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AS AMENDED BY THE SENATE

Passed Legislature - 2010 Regular Session

**State of Washington                      61st Legislature                      2010 Regular Session**

**By** House Finance (originally sponsored by Representatives White, Rolfes, Armstrong, Haler, Nelson, Roberts, Maxwell, Dickerson, Crouse, Jacks, Walsh, Wallace, Sells, Ormsby, Kenney, Williams, Blake, Chase, Morris, Campbell, Appleton, Carlyle, Conway, Bailey, Hope, and Haigh)

READ FIRST TIME 02/09/10.

1            AN ACT Relating to a property tax exemption for property owned by  
2 a nonprofit organization and used for the purpose of a farmers market;  
3 amending RCW 84.36.037 and 84.36.020; creating a new section; and  
4 providing an expiration date.

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

6            **Sec. 1.** RCW 84.36.037 and 2006 c 305 s 3 are each amended to read  
7 as follows:

8            (1) Real or personal property owned by a nonprofit organization,  
9 association, or corporation in connection with the operation of a  
10 public assembly hall or meeting place is exempt from taxation. The  
11 area exempt under this section includes the building or buildings, the  
12 land under the buildings, and an additional area necessary for parking,  
13 not exceeding a total of one acre. When property for which exemption  
14 is sought is essentially unimproved except for restroom facilities and  
15 structures and this property has been used primarily for annual  
16 community celebration events for at least ten years, the exempt  
17 property shall not exceed twenty-nine acres.

18            (2) To qualify for this exemption the property must be used  
19 exclusively for public gatherings and must be available to all

1 organizations or persons desiring to use the property, but the owner  
2 may impose conditions and restrictions which are necessary for the  
3 safekeeping of the property and promote the purposes of this exemption.  
4 Membership shall not be a prerequisite for the use of the property.

5 (3) The use of the property for pecuniary gain or for business  
6 activities, except as provided in this section, nullifies the exemption  
7 otherwise available for the property for the assessment year. The  
8 exemption is not nullified by:

9 (a) The collection of rent or donations if all funds collected are  
10 used for capital improvements to the exempt property, maintenance and  
11 operation of the exempt property, or for exempt purposes.

12 (b) Fund-raising activities conducted by a nonprofit organization.

13 (c)(i) Except as provided in (c)(ii) of this subsection, the use of  
14 the property for pecuniary gain, for business activities for periods of  
15 not more than fifteen days each assessment year so long as all income  
16 received from rental or use of the exempt property is used for capital  
17 improvements to the exempt property, maintenance and operation of the  
18 exempt property, or for exempt purposes.

19 (ii) The use of the property for pecuniary gain or for business  
20 activities if the property is used for activities related to a  
21 qualifying farmers market, as defined in RCW 66.24.170, for not more  
22 than fifty-three days each assessment year, and all income received  
23 from rental or use of the exempt property is used for capital  
24 improvements to the exempt property, maintenance and operation of the  
25 exempt property, or exempt purposes.

26 (d) In a county with a population of less than twenty thousand, the  
27 use of the property to promote the following business activities:  
28 Dance lessons, art classes, or music lessons.

29 (e) An inadvertent use of the property in a manner inconsistent  
30 with the purpose for which exemption is granted, if the inadvertent use  
31 is not part of a pattern of use. A pattern of use is presumed when an  
32 inadvertent use is repeated in the same assessment year or in two or  
33 more successive assessment years.

34 (4) The department of revenue (~~shall~~) must narrowly construe this  
35 exemption.

36 **Sec. 2.** RCW 84.36.020 and 1994 c 124 s 16 are each amended to read  
37 as follows:

1 The following real and personal property (~~shall be~~) is exempt  
2 from taxation:

3 (1) All lands, buildings, and personal property required for  
4 necessary administration and maintenance, used, or to the extent used,  
5 exclusively for public burying grounds or cemeteries without  
6 discrimination as to race, color, national origin or ancestry;

7 (2) All churches, personal property, and the ground, not exceeding  
8 five acres in area, upon which a church of any nonprofit recognized  
9 religious denomination is or (~~shall~~) will be built, together with a  
10 parsonage, convent, and buildings and improvements required for the  
11 maintenance and safeguarding of such property. The area exempted  
12 (~~shall~~) in any case includes all ground covered by the church,  
13 parsonage, convent, and buildings and improvements required for the  
14 maintenance and safeguarding of such property and the structures and  
15 ground necessary for street access, parking, light, and ventilation,  
16 but the area of unoccupied ground exempted in such cases, in connection  
17 with church, parsonage, convent, and buildings and improvements  
18 required for the maintenance and safeguarding of such property,  
19 (~~shall~~) does not exceed the equivalent of one hundred twenty by one  
20 hundred twenty feet except where additional unoccupied land may be  
21 required to conform with state or local codes, zoning, or licensing  
22 requirements. The parsonage and convent need not be on land contiguous  
23 to the church property. Except as otherwise provided in this  
24 subsection, to be exempt the property must be wholly used for church  
25 purposes(~~(:—PROVIDED, —That)~~). The loan or rental of property  
26 otherwise exempt under this (~~paragraph~~) subsection to a nonprofit  
27 organization, association, or corporation, or school for use for an  
28 eleemosynary activity (~~shall~~) or for use for activities related to a  
29 farmers market, does not nullify the exemption provided in this  
30 (~~paragraph~~) subsection if the rental income, if any, is reasonable  
31 and is devoted solely to the operation and maintenance of the property.  
32 However, activities related to a farmers market may not occur on the  
33 property more than fifty-three days each assessment year. For the  
34 purposes of this section, "farmers market" has the same meaning as  
35 "qualifying farmers market" as defined in RCW 66.24.170.

36 NEW SECTION. Sec. 3. This act applies to taxes levied for

1 collection in 2011 through 2020.

2 NEW SECTION. **Sec. 4.** This act expires December 31, 2020.

Passed by the House March 6, 2010.

Passed by the Senate March 3, 2010.

Approved by the Governor March 24, 2010.

Filed in Office of Secretary of State March 24, 2010.