
HOUSE BILL 2564

State of Washington 64th Legislature 2016 Regular Session

By Representatives Manweller, Vick, and Gregerson

Read first time 01/15/16. Referred to Committee on Finance.

1 AN ACT Relating to the property tax exemption for public burying
2 grounds and cemeteries; amending RCW 84.36.020, 84.36.020, 84.36.262,
3 and 84.36.805; creating new sections; providing an effective date;
4 and providing an expiration date.

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

6 **Sec. 1.** RCW 84.36.020 and 2014 c 99 s 2 are each amended to read
7 as follows:

8 The following real and personal property is exempt from taxation:

9 (1)(a) All lands, buildings, and personal property required for
10 necessary administration and maintenance, used, or to the extent
11 used, exclusively for public burying grounds or cemeteries without
12 discrimination as to race, color, national origin or ancestry;

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

16 (2)(a) All churches, personal property, and the ground, not
17 exceeding five acres in area, upon which a church of any nonprofit
18 recognized religious denomination is or will be built, together with
19 a parsonage, convent, and buildings and improvements required for the
20 maintenance and safeguarding of such property. The area exempted in
21 any case includes all ground covered by the church, parsonage,

1 convent, and buildings and improvements required for the maintenance
2 and safeguarding of such property and the structures and ground
3 necessary for street access, parking, light, and ventilation, but the
4 area of unoccupied ground exempted in such cases, in connection with
5 church, parsonage, convent, and buildings and improvements required
6 for the maintenance and safeguarding of such property, (~~does~~) may
7 not exceed the equivalent of one hundred twenty by one hundred twenty
8 feet except where additional unoccupied land may be required to
9 conform with state or local codes, zoning, or licensing requirements.
10 The parsonage and convent need not be on land contiguous to the
11 church property. Except as otherwise provided in this subsection, to
12 be exempt the property must be wholly used for church purposes.

13 (b) If the rental income or donations, if applicable, are
14 reasonable and do not exceed the maintenance and operation expenses
15 attributable to the portion of the property loaned or rented, the
16 exemption provided by this subsection (2) is not nullified by:

17 (i) The loan or rental of property otherwise exempt under this
18 subsection to a nonprofit organization, association, or corporation,
19 or school to conduct an eleemosynary activity or to conduct
20 activities related to a farmers market. However, activities related
21 to a farmers market may not occur on the property more than fifty-
22 three days each assessment year. For the purposes of this section,
23 "farmers market" has the same meaning as "qualifying farmers market"
24 as defined in RCW 66.24.170;

25 (ii) The rental or use of the property by any individual, group,
26 or entity, where such rental or use is not otherwise authorized by
27 this subsection (2), for not more than fifty days in each calendar
28 year, and the property is not used for pecuniary gain or to promote
29 business activities for more than fifteen of the fifty days in each
30 calendar year. The fifty and fifteen-day limitations provided in this
31 subsection (2)(b)(ii) do not include days used for setup and takedown
32 activities preceding or following a meeting or other event by an
33 individual, group, or entity using the property as provided in this
34 subsection (2)(b)(ii); or

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

1 **Sec. 2.** RCW 84.36.020 and 2014 c 99 s 3 are each amended to read
2 as follows:

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

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

9 (b) To be exempt under this section, the property must be used
10 exclusively for the purposes for which exemption is granted, except
11 as provided by RCW 84.36.805;

12 (2)(a) All churches, personal property, and the ground, not
13 exceeding five acres in area, upon which a church of any nonprofit
14 recognized religious denomination is or must be built, together with
15 a parsonage, convent, and buildings and improvements required for the
16 maintenance and safeguarding of such property. The area exempted must
17 in any case include all ground covered by the church, parsonage,
18 convent, and buildings and improvements required for the maintenance
19 and safeguarding of such property and the structures and ground
20 necessary for street access, parking, light, and ventilation, but the
21 area of unoccupied ground exempted in such cases, in connection with
22 church, parsonage, convent, and buildings and improvements required
23 for the maintenance and safeguarding of such property, (~~shall~~) may
24 not exceed the equivalent of one hundred twenty by one hundred twenty
25 feet except where additional unoccupied land may be required to
26 conform with state or local codes, zoning, or licensing requirements.
27 The parsonage and convent need not be on land contiguous to the
28 church property. Except as otherwise provided in this subsection, to
29 be exempt the property must be wholly used for church purposes.

30 (b) If the rental income or donations, if applicable, are
31 reasonable and do not exceed the maintenance and operation expenses
32 attributable to the portion of the property loaned or rented, the
33 exemption provided by this subsection (2) is not nullified by:

34 (i) The loan or rental of property otherwise exempt under this
35 subsection (2) to a nonprofit organization, association, or
36 corporation, or school to conduct an eleemosynary activity;

37 (ii) The rental or use of the property by any individual, group,
38 or entity, where such rental or use is not otherwise authorized by
39 this subsection (2), for not more than fifty days in each calendar
40 year, and the property is not used for pecuniary gain or to promote

1 business activities for more than fifteen of the fifty days in each
2 calendar year. The fifty and fifteen-day limitations provided in this
3 subsection (2)(b)(ii) do not include days during which setup and
4 takedown activities take place immediately preceding or following a
5 meeting or other event by an individual, group, or entity using the
6 property as provided in this subsection (2)(b)(ii); or

7 (iii) An inadvertent use of the property in a manner inconsistent
8 with the purpose for which exemption is granted, if the inadvertent
9 use is not part of a pattern of use. A pattern of use is presumed
10 when an inadvertent use is repeated in the same assessment year or in
11 two or more successive assessment years.

12 **Sec. 3.** RCW 84.36.262 and 1973 c 112 s 2 are each amended to
13 read as follows:

14 Upon cessation of the use (~~(which has given)~~) that gave rise to
15 an exemption hereunder, the county treasurer (~~(shall)~~) must collect
16 all taxes (~~(which)~~) that would have been paid had the property not
17 been exempt during the ten years preceding, or the life of such
18 exemption if such be less, together with interest at the same rate
19 and computed in the same way as that upon delinquent property taxes.
20 This section does not apply to the exemption in RCW 84.36.020(1).

21 **Sec. 4.** RCW 84.36.805 and 2014 c 99 s 13 are each amended to
22 read as follows:

23 (1) In order to qualify for an exemption under this chapter, the
24 nonprofit organizations, associations, or corporations must satisfy
25 the conditions in this section.

26 (2) The property must be used exclusively for the actual
27 operation of the activity for which exemption is granted, unless
28 otherwise provided, and does not exceed an amount reasonably
29 necessary for that purpose. Notwithstanding anything to the contrary
30 in this section:

31 (a) The loan or rental of the property does not subject the
32 property to tax if:

33 (i) The rents and donations received for the use of the portion
34 of the property are reasonable and do not exceed the maintenance and
35 operation expenses attributable to the portion of the property loaned
36 or rented; and

37 (ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037,
38 84.36.050, and 84.36.060(1) (a) and (b), the property would be exempt

1 from tax if owned by the organization to which it is loaned or
2 rented;

3 (b) The use of the property for fund-raising events does not
4 subject the property to tax if the fund-raising events are consistent
5 with the purposes for which the exemption is granted or are conducted
6 by a nonprofit organization. If the property is loaned or rented to
7 conduct a fund-raising event, the requirements of (a) of this
8 subsection (2) apply;

9 (c) An inadvertent use of the property in a manner inconsistent
10 with the purpose for which exemption is granted does not subject the
11 property to tax, if the inadvertent use is not part of a pattern of
12 use. A pattern of use is presumed when an inadvertent use is repeated
13 in the same assessment year or in two or more successive assessment
14 years.

15 (3) The facilities and services must be available to all
16 regardless of race, color, national origin or ancestry.

17 (4) The organization, association, or corporation must be duly
18 licensed or certified where such licensing or certification is
19 required by law or regulation.

20 (5) Property sold to organizations, associations, or corporations
21 with an option to be repurchased by the seller does not qualify for
22 exempt status. This subsection does not apply to property sold to a
23 nonprofit entity, as defined in RCW 84.36.560(7), by:

24 (a) A nonprofit as defined in RCW 84.36.800 that is exempt from
25 income tax under 26 U.S.C. Sec. 501(c) of the federal internal
26 revenue code;

27 (b) A governmental entity established under RCW 35.21.660,
28 35.21.670, or 35.21.730;

29 (c) A housing authority created under RCW 35.82.030;

30 (d) A housing authority meeting the definition in RCW
31 35.82.210(2)(a); or

32 (e) A housing authority established under RCW 35.82.300.

33 (6) The department must have access to its books in order to
34 determine whether the nonprofit organization, association, or
35 corporation is exempt from taxes under this chapter.

36 (7) This section does not apply to exemptions granted under RCW
37 84.36.020(2), 84.36.032, 84.36.250, and 84.36.480(2).

38 (8)(a) The use of property exempt under this chapter, other than
39 as specifically authorized by this chapter, nullifies the exemption
40 otherwise available for the property for the assessment year.

1 However, the exemption is not nullified by the use of the property by
2 any individual, group, or entity, where such use is not otherwise
3 authorized by this chapter, for not more than fifty days in each
4 calendar year, and the property is not used for pecuniary gain or to
5 promote business activities for more than fifteen of the fifty days
6 in each calendar year. The fifty and fifteen-day limitations provided
7 in this subsection (8)(a) do not include days during which setup and
8 takedown activities take place immediately preceding or following a
9 meeting or other event by an individual, group, or entity using the
10 property as provided in this subsection (8)(a).

11 (b) If uses of the exempt property exceed the fifty and fifteen-
12 day limitations provided in (a) of this subsection (8) during an
13 assessment year, the exemption is removed for the affected portion of
14 the property for that assessment year.

15 NEW SECTION. **Sec. 5.** RCW 82.32.805 and 82.32.808 do not apply
16 to this section.

17 NEW SECTION. **Sec. 6.** Section 1 of this act expires December 31,
18 2020.

19 NEW SECTION. **Sec. 7.** Section 2 of this act takes effect
20 December 31, 2020.

21 NEW SECTION. **Sec. 8.** This act applies to taxes levied for
22 collection in 2017 and thereafter.

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