

(2) The term "artistic or cultural exhibitions, presentations, or performances or cultural or art education programs" includes and is limited to:

(a) An exhibition or presentation of works of art or objects of cultural or historical significance, such as those commonly displayed in art or history museums;

(b) A musical or dramatic performance or series of performances; or

(c) An educational seminar or program, or series of such programs, offered by the organization to the general public on an artistic, cultural, or historical subject.

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Passed the Senate April 26, 1981.

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CHAPTER 141

[House Bill No. 214]

NONPROFIT ORGANIZATIONS—ARTISTIC OR CULTURAL PRODUCTION FACILITIES, PUBLIC ASSEMBLY HALLS—PROPERTY TAX EXEMPTION

AN ACT Relating to property taxes; amending section 84.36.060, chapter 15, Laws of 1961 as amended by section 5, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.060; amending section 6, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.800; amending section 7, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.805; amending section 8, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 1, chapter 209, Laws of 1977 ex. sess. and RCW 84.36.810; adding a new section to chapter 84.36 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 84.36.060, chapter 15, Laws of 1961 as amended by section 5, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.060 are each amended to read as follows:

The following property shall be exempt from taxation:

All art, scientific, or historical collections of associations maintaining and exhibiting such collections for the benefit of the general public and not for profit, together with all real and personal property of such associations used exclusively for the safekeeping, maintaining and exhibiting of such collections; and all the real and personal property owned by or leased to associations engaged in the production and performance of musical, dance, artistic, dramatic, or literary works for the benefit of the general public and not for profit, which real and personal property is used exclusively for this production or performance: PROVIDED, That to qualify for this exemption an organization must be organized and operated exclusively for artistic, scientific, historical, literary, musical, dance, dramatic, or educational purposes and receive a substantial part of its support (exclusive of income received in the exercise or performance by such organization of its purpose or function)

from the United States or any state or any political subdivision thereof or from direct or indirect contributions from the general public;

All fire engines and other implements used for the extinguishment of fire, with the buildings used exclusively for the safekeeping thereof, and for meetings of fire companies, provided such properties belong to any city or town or to a fire company therein;

Property owned by humane societies in this state in actual use by such societies.

NEW SECTION. Sec. 2. There is added to chapter 84.36 RCW a new section to read as follows:

Real or personal property owned by a nonprofit organization, association, or corporation in connection with the operation of a public assembly hall or meeting place is exempt from taxation. The area exempt under this section includes the building or buildings, the land under the buildings, and an additional area necessary for parking, not exceeding a total of one acre: **PROVIDED**, That for property essentially unimproved except for restroom facilities and structures on such property which has been used primarily for annual community celebration events for at least ten years, such exempt property shall not exceed twenty-nine acres.

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

The use of the property for pecuniary gain or to promote business activities, except fund raising activities conducted by a nonprofit organization, nullifies the exemption otherwise available for the property for the assessment year. The exemption is not nullified by the collection of rent or donations if the amount is reasonable and does not exceed maintenance and operation expenses created by the user.

The department of revenue shall narrowly construe this exemption and shall annually report to the legislature the names of organizations receiving such property tax exemptions.

Sec. 3. Section 6, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.800 are each amended to read as follows:

As used in ~~((this 1973 amendatory act))~~ RCW 84.36.020, 84.36.030, 84.36.040, 84.36.050, 84.36.060, section 2 of this 1981 act, and 84.36.800 through 84.36.865:

(1) "Church purposes" means the use of real and personal property owned by a nonprofit religious organization for religious worship or related administrative, educational, eleemosynary, and social activities. This definition is to be broadly construed;

(2) "Convent" means a house or set of buildings occupied by a community of clergymen or nuns devoted to religious life under a superior;

(3) "Hospital" means any portion of a hospital building, or other buildings in connection therewith, used as a residence for persons engaged or employed in the operation of a hospital, or operated as a portion of the hospital unit;

(4) "Nonprofit" means an organization, association or corporation no part of the income of which is paid directly or indirectly to its members, stockholders, officers, directors or trustees except in the form of services rendered by the organization, association, or corporation in accordance with its purposes and bylaws and the salary or compensation paid to officers of such organization, association or corporation is for actual services rendered and compares to the salary or compensation of like positions within the public services of the state;

(5) "Parsonage" means a residence occupied by a clergyman who is designated for a particular congregation and who holds regular services therefor.

Sec. 4. Section 7, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.805 are each amended to read as follows:

In order to be exempt pursuant to RCW 84.36.030, 84.36.040, 84.36.050 (~~and~~), 84.36.060, and section 2 of this 1981 act, said nonprofit organizations, associations or corporations shall satisfy the following conditions:

(a) The property is used for the actual operation of the activity for which exemption is granted and does not exceed an amount reasonably necessary for that purpose;

(b) The property is irrevocably dedicated to the purpose for which exemption has been granted, and on the liquidation, dissolution, or abandonment by said organization, association, or corporation, said property will not inure directly or indirectly to the benefit of any shareholder or individual, except a nonprofit organization, association, or corporation which too would be entitled to property tax exemption: PROVIDED, That the provision of this subsection shall not apply to those qualified for exemption pursuant to RCW 84.36.040 if the property used for the purpose stated is either leased or rented;

(c) The facilities and services are available to all regardless of race, color, national origin or ancestry;

(d) The organization, association, or corporation is duly licensed or certified where such licensing or certification is required by law or regulation;

(e) Property sold to organizations, associations, or corporations with an option to be repurchased by the seller shall not qualify for exempt status;

(f) The director of the department of revenue shall have access to its books in order to determine whether such organization, association, or corporation is exempt from taxes within the intent of RCW 84.36.030, 84.36.040, 84.36.050 (~~and~~), 84.36.060, and section 2 of this 1981 act.

Sec. 5. Section 8, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 1, chapter 209, Laws of 1977 ex. sess. and RCW 84.36.810 are each amended to read as follows:

(1) Upon cessation of a use under which an exemption has been granted pursuant to RCW 84.36.030, 84.36.040, (~~and~~), 84.36.060, and section 2 of this 1981 act, the county treasurer shall collect all taxes which would have been paid had the property not been exempt during the seven years preceding, or the life of such exemption, if such be less, together with the interest at the same rate and computed in the same way as that upon delinquent property taxes.

(2) Upon cessation of a use under which an exemption has been granted pursuant to RCW 84.36.050 to a school or college, the county treasurer shall collect all taxes which would have been paid had the property not been exempt during the three years preceding, or the life of such exemption, if such be less, together with the interest at the same rate and computed in the same way as that upon delinquent property taxes, plus a tax, at the same rate as the property tax rate for that year, on the amount of profit from the sale of property (the difference between the sales price and the purchase price plus improvements): PROVIDED, That where the school or college has operated for more than ten years, no penalty shall be assessed.

(3) If the cessation of use under subsections (1) or (2) of this section involves a portion of the total property exemptions the provisions of those subsections shall apply only to that portion: PROVIDED FURTHER, That such additional tax shall not be imposed if the cessation of use resulted solely from:

(a) Transfer to an organization, association, or corporation for a use which also qualifies and is granted exemption under the provisions of chapter 84.36 RCW;

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

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

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

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

NEW SECTION. Sec. 6. This act shall apply to taxes payable in 1982 and in subsequent years and shall be strictly construed.

Passed the House April 25, 1981.

Passed the Senate April 24, 1981.

Approved by the Governor May 14, 1981.

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CHAPTER 142

[Engrossed Senate Bill No. 3610]

NONPROFIT ARTS ORGANIZATIONS—CLASS L LIQUOR LICENSES

AN ACT Relating to nonprofit arts organizations; and adding a new section to chapter 66.24 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. There is added to chapter 66.24 RCW a new section to read as follows:

(1) There shall be a retailer's license to be designated as class L. This shall be a special license to be issued to any nonprofit arts organization which sponsors and presents productions or performances of an artistic or cultural nature in a specific theater or other appropriate designated indoor premises approved by the board. The license shall permit the licensee to sell liquor to patrons of productions or performances for consumption on the premises at these events. The fee for the license shall be two hundred fifty dollars per annum.

(2) For the purposes of this section, the term "nonprofit arts organization" means an organization which is organized and operated for the purpose of providing artistic or cultural exhibitions, presentations, or performances or cultural or art education programs, as defined in subsection (3) of this section, for viewing or attendance by the general public. The organization must be a not-for-profit corporation under chapter 24.03 RCW and managed by a governing board of not less than eight individuals none of whom is a paid employee of the organization or by a corporation sole under chapter 24.12 RCW. In addition, the corporation must satisfy the following conditions:

(a) No part of its income may be paid directly or indirectly to its members, stockholders, officers, directors, or trustees except in the form of services rendered by the corporation in accordance with its purposes and bylaws;

(b) Salary or compensation paid to its officers and executives must be only for actual services rendered, and at levels comparable to the salary or compensation of like positions within the state;

(c) Assets of the corporation must be irrevocably dedicated to the activities for which the license is granted and, on the liquidation, dissolution, or