2025 tax preference review:

Multipurpose Senior Citizen Centers

PRELIMINARY REPORT | JULY 2025

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Legislative Auditor's conclusion

The preference meets the inferred objective of treating nonprofit multipurpose senior centers like government-owned senior centers. More than half of the nonprofit senior centers that qualified for the preference were not exempt from property tax under another preference.

Key points

- The preference provides an exemption from state and local property taxes for eligible nonprofit multipurpose senior centers.
- The inferred objective of the preference is to treat nonprofit multipurpose senior centers like government-owned senior centers for the purposes of property taxes.
- Fourteen (56%) of 25 senior centers with an exemption in 2024 did not claim other property tax exemptions before the preference was enacted in 2017.

About this preference

Estimated savings: $505,000 (calendar years 2026-2027)	**Tax type:** Property tax	**Expiration date:** January 2028

Executive summary

Washington provides a property tax exemption for multipurpose senior centers that are run by nonprofit senior citizen organizations. The preference may be claimed for the following:

- Land and buildings (real property).
- Equipment, furnishings, and other movable items (personal property).

Preference meets the inferred objective

Joint Legislative Audit and Review Committee (JLARC) staff infer the objective of the preference is to provide tax relief to nonprofit senior centers like that available to government-owned senior centers. By providing the property tax exemption, the preference meets the inferred objective. Nonprofit and government-owned senior centers receive similar tax treatment as neither pay property tax on qualifying property. Tax treatment differs in that only the nonprofit senior centers exemption has an expiration date.

Use of the preference has increased over time

The number of exemptions under the preference has increased. In 2017, the first year the exemption was available, four beneficiaries claimed four exemptions. In 2024, 25 beneficiaries claimed 32 exemptions. Beneficiaries can claim the exemption for multiple parcels through this preference provided they meet the statutory requirements.

In 2024, nonprofit senior centers claimed exemptions for properties with a total assessed value of $26.3 million. JLARC staff estimated beneficiary savings for nonprofit senior centers using data from county assessors:

- Beneficiary savings will be $217,000 in calendar year 2025.
- Beneficiary savings will grow to $259,000 in 2027.

Most of the savings are expected to shift to other property taxpayers.

Most senior centers did not claim another property exemption before the multipurpose senior centers preference

The Legislature directed JLARC to evaluate the number of senior centers that claimed the exemption and would not have qualified for a property tax exemption prior to enactment.

In 2024, 25 multipurpose senior centers claimed the exemption. Of these, 14 (56%) did not claim another exemption before claiming the multipurpose senior centers preference. JLARC staff assume these senior centers were not eligible for other property tax exemptions. It is unclear if this meets the Legislature's goal because it did not set a target.

Legislative Auditor's recommendation

The Legislature should continue the tax preference.

- The preference meets the inferred objective of treating nonprofit senior centers the same as government-owned senior centers for the purposes of property taxes.
- The Legislature could also consider making the tax preference permanent, like the property tax exemption for government-owned property.

You can find additional information in the **Recommendations section**.

Commission recommendation

To be included in proposed final report.

Part 1.
Tax exemption

All property in Washington is subject to tax unless a specific exemption is provided by law.

This tax preference provides an exemption from state and local property taxes for multipurpose senior centers run by nonprofit senior citizen organizations. Beneficiaries may claim exemptions for all of the following:

- Land and buildings (real property). Beneficiaries can claim the exemption for multiple parcels.
- Equipment, furnishings, and other movable items (personal property).

The Legislature enacted the preference in 2017. It is scheduled to expire January 1, 2028.

Multipurpose senior centers provide services to older adults

Statute defines a multipurpose senior citizen center as:

> A community facility that provides for a broad spectrum of services to older adults, whether provided directly by the nonprofit senior organization that owns the facility or by another person. Such services may include the provision of health, social, nutritional, educational services, and the provision of facilities for recreational activities for older adults.

Multipurpose senior centers must meet three criteria to qualify

A nonprofit senior organization may apply for a property tax exemption under the multipurpose senior citizen centers preference. To qualify, the property must:

1. Be owned by a nonprofit senior citizen organization and exempt from federal income tax under IRS code 501(c)(3). The property must be:
   a. One or more parcels of real property that share a common border.
   b. Personal property owned by a senior citizen organization.
2. Be used for the actual operation of a multipurpose senior center.
3. Meet non-discrimination requirements defined in state law.

Beneficiaries must renew exemption annually

To receive the exemption, the senior citizen organization must apply to the Department of Revenue (DOR) and provide supporting documentation to demonstrate that it meets the qualification criteria.

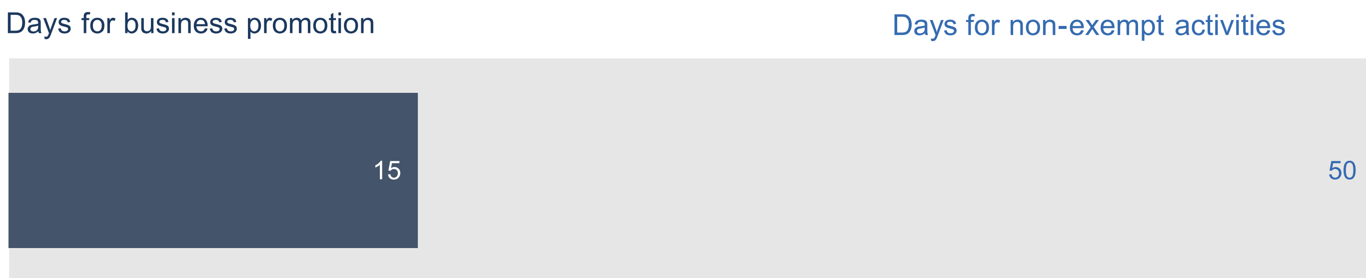
If granted, the exemption is good for one year, and a beneficiary must submit an annual renewal declaration to maintain the preference.

Qualifying multipurpose senior centers may engage in business activities to support facilities

State law limits how often other tax-exempt properties can be used for non-exempt activities.

For example, RCW 84.36.805 limits the number of days an exempt property may be used for non-exempt activities to 50 calendar days or fewer each year, and monetary gain or business promotion is limited to 15 of the 50 days.

Figure 1: State law limits how often tax-exempt properties can be used for non-exempt activities



Source: JLARC staff analysis.

These limits do not apply to multipurpose senior centers. These facilities may operate a thrift store, farmers market, or similar activity. They may also rent the space if the activities provide financial support to the senior center. While state law does not set a specific limit for the activities, DOR's Special Notice stipulates the property must be primarily used as a senior center.

These provisions allowing multipurpose senior centers to engage in business activity are consistent with public testimony prior to enactment of the preference. The provisions also align with more recent information shared by the Washington State Association of Senior Centers (WSASC).

- In 2017, one senior organization testified that it was denied a different property tax exemption because it had too much retail activity.
- Representatives from WSASC told JLARC staff that prior to the COVID pandemic, the United Way shifted its funding to families and young children. As a result, many senior centers opened thrift stores to help pay for maintenance and utility costs.
- WSASC also noted there is no consistent funding model for nonprofit senior centers.

The inferred objective of the preference is to provide equal tax treatment

The Legislature categorized the preference as one intended to provide tax relief to senior centers that do not qualify for another property tax exemption, but it did not state a specific public policy objective. Based on this categorization and public testimony from the prime sponsor and stakeholders, JLARC staff infer the objective of the tax preference is to treat nonprofit senior centers like government-owned senior centers.

State law exempts property belonging to the federal, state, and local governments, among others, from property tax. During public testimony in 2017, the prime sponsor and supporters noted most senior centers in Washington were already exempt from property tax because they are government-owned.

Supporters also noted:

- There are few senior centers in Washington run by nonprofit senior citizen organizations.
- The financial impact to the state would be minimal.

The preference meets the inferred objective. It provides nonprofit senior centers with tax treatment like that available to government-owned senior centers.

However, unlike the property tax exemption for government-owned property, the preference for nonprofit senior centers has an expiration date.

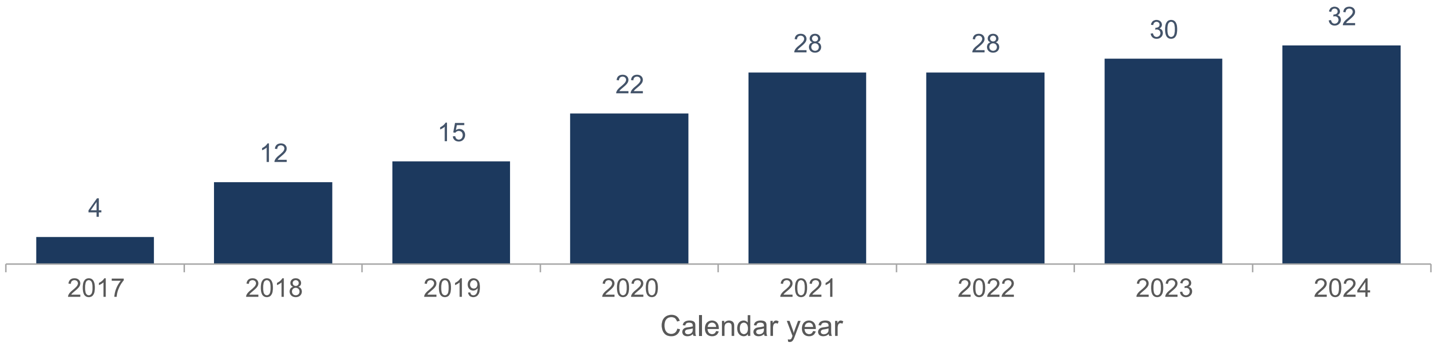
Part 2.
Beneficiaries

Number of exemptions has increased since 2017

In 2024, 25 nonprofit senior organizations claimed 32 exemptions under the multipurpose senior centers property tax exemption. Some organizations claimed exemptions for more than one real property parcel. The type of exemption varies by senior center.

- **Twenty-six exemptions for real property and personal property.** The real and personal property are owned by nonprofit senior organizations.
- **Two personal-property-only exemptions.** These organizations lease real property owned by other nonprofit entities. Because the nonprofit senior organizations do not own the real property, the exemption only applies to the personal property such as equipment and furnishings located at the facility and used for the purposes of a multipurpose senior center.
- **Four leasehold excise tax (LET) exemptions.** LET is a tax on the use of public property by a private entity in lieu of property tax. These nonprofit senior organizations lease real property from government entities. The exemption applies to the LET that would otherwise be due in place of the property tax.

Figure 2: Number of exemptions has increased between 2017 and 2024



Source: JLARC staff analysis of administrative data (applications and tax determinations) provided by DOR.

The exempt senior centers are in 14 counties across Washington (four in Eastern Washington and ten in Western Washington).

More senior centers claim the exemption than anticipated

During public testimony in 2017, proponents noted there are few nonprofit senior centers. One supporter estimated there may be as few as five in Washington.

DOR's 2024 Tax Exemption Study noted 14 organizations claimed 18 real property exemptions in 2022. DOR did not report on the number of personal property and LET exemptions.

The JLARC staff analysis found 26 real property exemptions in 2024.

Beneficiaries will save an estimated $505,000 in 2026-2027

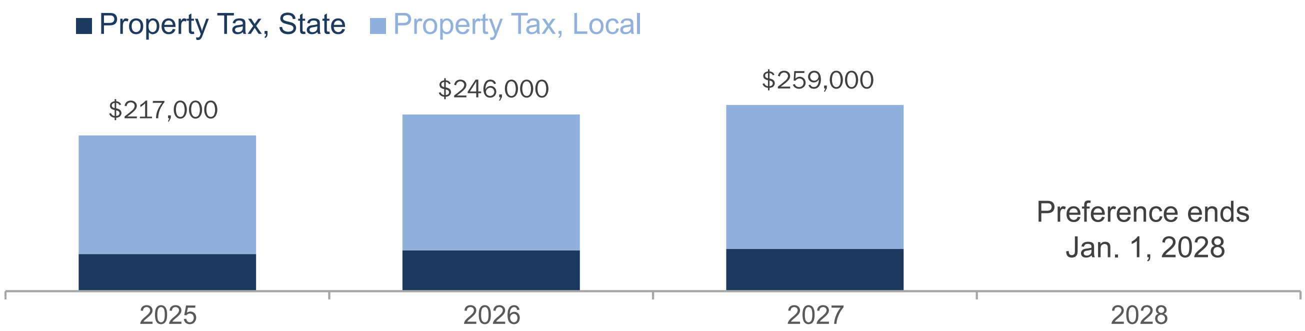
JLARC staff worked with DOR's property tax division to request property values from county assessors for each qualifying exemption.

For 2024, the total assessed value of exempt real property parcels was $26.3 million.

JLARC staff used DOR's state levy forecasting model to estimate future savings from the tax preference. Over the three-year period before the preference expires, beneficiary savings are expected to grow from $217,000 in calendar year 2025 to $259,000 in 2027.

The estimate assumes the number of senior centers claiming the exemption remains constant. Growth in the estimate is due to projected increases in property value. Savings may grow more if additional senior centers claim the exemption.

Figure 3: Beneficiary savings anticipated to be $505,000 in 2026-2027



Note: The savings estimate assumes the number of exempt senior centers remain static. If additional senior centers claim the exemption, the estimate will likely increase.

Source: JLARC staff analysis of assessor data, DOR state levy forecasting model.

County assessors and DOR did not provide data for the value of the LET and personal property exemptions, so the estimated savings only capture exempt real property.

The property tax shift is more than anticipated at the time of enactment

Consistent with DOR's statewide levy forecast model, JLARC estimates approximately 95% of the savings realized by beneficiaries will shift to other property taxpayers. This shift occurs in the 14 counties where the qualifying senior centers are located.

The amount of the shift exceeds the amount estimated in the 2017 fiscal note and DOR's 2024 Tax Exemption Study. The exemption may also result in a small revenue loss for taxing jurisdictions.

Figure 4: Estimated tax shift exceeds DOR's prior projections

	SHB 1526 (2017) Fiscal Note	2024 Tax Exemption Study	JLARC Staff Estimate
	2023	2030	2031
Total tax shift	$16,000	$73,000	$306,000

Note: Each of the beneficiary savings estimates savings cover three two-year periods. The values included in the table reflect the final year for each projection.

Source: JLARC staff analysis of SHB 1526 (2017) fiscal note, DOR's 2024 Tax Exemption Study workpaper, and DOR state levy model.

Part 3.
Other exemptions

The tax preference performance statement directs JLARC to evaluate the number of senior centers that would not have qualified for a property tax exemption prior to enactment.

Whether a property qualifies for the multipurpose senior center property tax exemption or another exemption depends on the use of the property. Each exemption includes its own set of requirements.

DOR reviews all requests for exemptions it administers. If the services and activities taking place at the property are consistent with the law, DOR will likely grant the exemption. If the use of the property changes over time, a nonprofit organization may lose its tax exemption or qualify for another one.

Fourteen properties were not exempt under another preference before qualifying as a multipurpose senior center

DOR's nonprofit property tax exemption database listed 26 senior centers under the multipurpose senior centers exemption, as of August 2024. JLARC staff reviewed applications and DOR determination letters for those senior centers. We found:

- Twenty-five senior centers had a property tax exemption under the multipurpose senior centers preference.
- One senior center, which was previously exempt under the preference, is now exempt under another property tax exemption.

According to the documentation reviewed by JLARC staff, 14 of the 25 senior centers had not been exempt under another property tax preference before qualifying for the exemption under RCW 84.36.670.

Most senior centers (56%) did not claim another exemption before claiming the multipurpose senior centers exemption. This meets the intent of providing a property tax exemption to senior centers that did not already have one. It is unclear if this meets the Legislature's goal because it did not set a target. JLARC staff assume the multipurpose senior centers without a prior exemption did not qualify for another exemption.

Multipurpose senior centers may qualify for other property tax exemptions

DOR's special notice for the multipurpose senior centers property tax exemption states that once the preference expires, some or all of the previously exempt property may qualify for exemption under different statutes. DOR identifies the following two statutes:

- Social service organizations: RCW 84.36.030 lists multiple property tax exemptions including one for social service organizations.
- Public assembly halls: RCW 84.36.037 provides a property tax exemption for real or personal property owned by a nonprofit organization that operates a public assembly hall or meeting place.

In 2024, 25 senior centers claimed the multipurpose senior centers exemption. Before the Legislature enacted the exemption in 2017, 11 of those 25 were exempt from property taxes under the preferences for either social service organizations or public assembly halls.

According to DOR:

- Most of these 11 senior centers qualified for a *partial* exemption under the social service and public meeting hall exemptions.

- Most of these centers have a *full* exemption under the multipurpose senior centers exemption.

JLARC staff did not independently verify whether the services and activities at these senior centers also changed.

Properties with senior centers may be subject to more than one property tax exemption

Claiming the multipurpose senior centers exemption does not necessarily prevent the beneficiary from qualifying for another exemption (see the example below). The availability of nonprofit property tax exemptions depends on the specific use of the property.

DOR documentation does not show beneficiaries of the preference claiming other exemptions on different portions of the property.

Example: A qualifying senior center leases space to a nonprofit daycare.

The nonprofit daycare uses the space exclusively as a daycare.

In this case, part of the property may qualify under the multipurpose senior centers exemption. The part used for daycare may qualify under a different exemption.

Recommendations

The Legislative Auditor makes one recommendation.

Recommendation #1:
The Legislature should continue the tax preference.

- The preference meets the inferred objective of treating nonprofit senior centers the same as government-owned senior centers for the purposes of property taxes.
- The Legislature could also consider making the tax preference permanent, like the property tax exemption for government-owned property.

Legislation required: Yes.

Fiscal impact: If the Legislature continues the preference, beneficiaries would likely save $560,000 in 2028-2029.

Implementation date: 2027 legislative session.

Letter from commission chair

To be included in proposed final report.

Commission recommendation

To be included in proposed final report.

Current recommendation status

JLARC staff review whether the agency acted on the recommendation for four years. The first review typically happens about a year after we issue the report. The most recent responses from agencies and status of the recommendations in this report can be viewed on our **legislative auditor recommendations page**.

Appendices

Appendix A: Applicable statutes

RCW **84.36.670**: Senior citizen organizations — Property used for operation of a multipurpose senior citizen center.

Appendix B: Study questions

By law, tax preference reviews must address these study questions

Study questions define the scope of the audit. These reviews will consider the study questions as they relate to each preference, which were presented to JLARC in September 2024 (**view here**).

- **Public policy objectives:** What did the Legislature intend to accomplish? Has the preference achieved those goals?
  - The Legislature defined specific performance metrics for some tax preferences.
  - For others, JLARC staff infer objectives and metrics.

- **Beneficiaries:** Who does the preference benefit, either directly or indirectly? How much have they saved?
- **Revenue and economic impacts:** What are the impacts to the taxpayers and the state?
- **Other states:** Do other states have a similar tax preference?
- **Racial equity:** Are there racial equity considerations associated with the tax preferences?

Methods

The methodology JLARC staff use when conducting analyses is tailored to the scope of each study, but generally includes the following:

- **Interviews** with stakeholders, agency representatives, and other relevant organizations or individuals.
- **Site visits** to entities that are under review.
- **Document reviews**, including applicable laws and regulations, agency policies and procedures pertaining to study objectives, and published reports, audits or studies on relevant topics.
- **Data analysis**, which may include data collected by agencies and/or data compiled by JLARC staff. Data collection sometimes involves surveys or focus groups.
- **Consultation with experts** when warranted. JLARC staff consult with technical experts when necessary to plan our work, to obtain specialized analysis from experts in the field, and to verify results.

The methods used in this study were conducted in accordance with Generally Accepted Government Auditing Standards.

More details about specific methods related to individual study objectives are described in the body of the report under the report details tab or in technical appendices.

Appendix C: Audit authority

The Joint Legislative Audit and Review Committee (JLARC) works to make state government operations more efficient and effective. The Committee is comprised of an equal number of House members and Senators, Democrats and Republicans.

JLARC's nonpartisan staff auditors, under the direction of the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other analyses assigned by the Legislature and the Committee.

The statutory authority for JLARC, established in **Chapter 44.28 RCW**, requires the Legislative Auditor to ensure that JLARC studies are conducted in accordance with Generally Accepted Government Auditing Standards, as applicable to the scope of the audit. This study was conducted in accordance with those applicable standards. Those standards require auditors to plan and perform audits to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. The evidence obtained for this JLARC report provides a reasonable basis for the enclosed findings and conclusions, and any exceptions to the application of audit standards have been explicitly disclosed in the body of this report.

Appendix D: Study process

View guide to JLARC Tax Preference Reviews **here**.

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