

I am not convinced that the Legislature intended to confer this additional benefit upon the faculty at our colleges and universities. I am convinced, however, of the need for the governing boards of the four-year state colleges and universities to adopt necessary and proper retrenchment procedures for the termination or non-renewal of faculty contracts in the event financial exigencies created by reduced enrollment or discontinuance of funded programs necessitate such action. I further believe that such operating policies and procedures are properly the delegated responsibility of the governing board of each institution and not a matter to be legislated in an appropriations bill.

Veto  
Message

With the exception of the items described above, the remainder of the bill is approved."

CHAPTER 40

[Engrossed Substitute Senate Bill No. 2959]

PROPERTY TAX EXEMPTIONS

AN ACT Relating to property taxes; amending section 84.36.020, chapter 15, Laws of 1961 as last amended by section 3, chapter 64, Laws of 1971 ex. sess. and RCW 84.36.020; reenacting and amending section 84.36.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 64, Laws of 1971 ex. sess. and by section 70, chapter 292, Laws of 1971 ex. sess. and RCW 84.36.030; amending section 84.36.040, chapter 15, Laws of 1961 as last amended by section 119, chapter 154, Laws of 1973 1st ex. sess. and RCW 84.36.040; amending section 84.36.050, chapter 15, Laws of 1961 as last amended by section 2, chapter 206, Laws of 1971 ex. sess. and RCW 84.36.050; amending section 84.36.060, chapter 15, Laws of 1961 and RCW 84.36.060; adding new sections to chapter 84.36 RCW; making an appropriation; and declaring an emergency and making certain effective dates.

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

Section 1. Section 84.36.020, chapter 15, Laws of 1961 as last amended by section 3, chapter 64, Laws of 1971 ex. sess. and RCW 84.36.020 are each amended to read as follows:

The following property shall be exempt from taxation:

All lands, and buildings required for necessary administration and maintenance, used, or to the extent used, exclusively for public burying grounds or cemeteries without discrimination as to race,

color, national origin or ancestry;

All churches (~~if built and supported by donations, whose seats are free to all;~~) and the ground, not exceeding five acres in area, upon which (~~any cathedral or~~) a church of any nonprofit recognized religious denomination is or shall be built, together with a parsonage and convent. The area exempted shall in any case include all ground covered by the church, parsonage and convent and the structures and ground necessary for street access, parking, light, and ventilation, but the area of unoccupied ground exempted in such cases, in connection with church, parsonage, and convent, shall not exceed the equivalent of one hundred twenty by one hundred twenty feet except where additional unoccupied land may be required to conform with state or local codes, zoning, or licensing requirements. The parsonage and convent need not be on land contiguous to the church property (~~if the total area exempted does not exceed the areas above specified~~). To be exempt the (~~grounds must be used wholly for church purposes~~) property must be wholly used for church purposes; PROVIDED, That the loan or rental of property otherwise exempt under this paragraph to a nonprofit organization, association, or corporation, or school for use for an eleemosynary activity shall not nullify the exemption provided in this paragraph if the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property.

Sec. 2. Section 84.36.030, chapter 15, Laws of 1961 as last amended by section 1, chapter 64, Laws of 1971 ex. sess. and by section 70, chapter 292, Laws of 1971 ex. sess. and RCW 84.36.030 are each reenacted and amended to read as follows:

The following real and personal property shall be exempt from taxation:

Property owned by nonprofit, nonsectarian organizations or associations, organized and conducted (~~primarily and chiefly~~) for (~~religious~~) nonsectarian purposes (~~and not for profit~~), which shall be solely used, or to the extent (~~solely~~) used, for (~~the religious purposes of such associations, or for the educational, benevolent, protective, or social departments growing out of, or related to, the religious work of such associations~~) character-building, benevolent, protective or rehabilitative social services directed at persons of all ages;

Property owned by any nonprofit church, denomination, group of churches, or an organization or association, the membership of which is comprised solely of churches or their qualified representatives, which is utilized as a camp facility if (~~solely~~) exclusively and/or jointly used for organized and supervised (~~educational and~~) recreational activities and church purposes as related to such camp facilities. The rental of property otherwise exempt under this

paragraph to another nonprofit church or ((to an organization described in REW 84.36.050 or to a public school or to a nonprofit organization or association engaged in character building of boys and girls under eighteen years of age)) a nonsectarian organization or association, nonprofit school or college exempt under this chapter for the use by the lessee for the purposes set forth in this paragraph shall not nullify the exemption provided for in this paragraph if the rental income is devoted solely to the operation and maintenance of the property. The exemption provided by this paragraph shall apply to a maximum of two hundred acres of any such camp as selected by the church, including buildings and other improvements thereon ((and shall expire July 1, 1977)).

Property, including buildings and improvements required for the maintenance and safeguarding of such property, owned by nonprofit organizations or associations engaged in character building of boys and girls under ((twenty-one)) eighteen years of age, ((to the extent such property is necessarily employed and devoted solely to the said purposes; provided)) and solely used, or to the extent used, for such purposes and uses, provided such purposes and uses are for the general public good ((such properties are devoted to the general public benefit)); PROVIDED, That if existing charters provide that organizations or associations, which would otherwise qualify under the provisions of this paragraph, serve boys and girls up to the age of twenty-one years, then such organizations or associations shall be deemed qualified pursuant to this section. The rental of property otherwise exempt under this paragraph to another nonprofit organization or association engaged in character building of boys and girls under eighteen years of age or to a nonprofit church organization ((or to an organization described in REW 84.36.050)), a nonsectarian organization or association, or school or college exempt under this chapter, or to a public school for the use by the lessee for the purposes set forth in this paragraph shall not nullify the exemption provided for in this paragraph if the rental income is devoted solely to the operation and maintenance of the property;

Property owned by all organizations and societies of veterans of any war of the United States, recognized as such by the department of defense, which shall have national charters, and which shall have for their general purposes and objects the preservation of the memories and associations incident to their war service and the consecration of the efforts of their members to mutual helpfulness and to patriotic and community service to state and nation. To be exempt such property must be primarily used in such manner as may be reasonably necessary to carry out the purposes and objects of such societies;

Property owned by all corporations, incorporated under any act

of congress, whose principal purposes are to furnish volunteer aid to members of the armed forces of the United States and also to carry on a system of national and international relief and to apply the same in mitigating the sufferings caused by pestilence, famine, fire, floods, and other national calamities and to devise and carry on measures for preventing the same.

Sec. 3. Section 84.36.040, chapter 15, Laws of 1961 as last amended by section 119, chapter 154, Laws of 1973 1st ex. sess. and RCW 84.36.040 are each amended to read as follows:

((The following property shall be exempt from taxation:

All free public libraries, orphanages, orphan asylums, homes for the aged and infirm, and hospitals for the care of the sick, when such institutions are supported in whole or in part by public donations or private charity, and all of the income and profits thereof are devoted, after paying the expenses thereof, to the purposes of such institutions; and the grounds, together with all real and personal property owned or used as a part of such institutions, whenever such libraries, orphanages, institutions, homes, and hospitals are built and used exclusively for the purposes herein enumerated:

In order to determine whether such libraries, orphanages, institutions, homes, and hospitals are exempt from taxes within the intent of this chapter, the director of revenue shall have access to their books and the superintendent or manager of the library, orphanage, institution, home, or hospital claiming exemption from taxation shall file, with the assessor on forms furnished by the director, a signed statement that the income and the receipts thereof, including donations to it, have been applied to the actual expenses of maintaining it, and to no other purpose. He shall also under oath, make annual report to the department of revenue of its receipts and disbursements. Such report shall be made upon a form supplied by the director of revenue on or before the fifteenth day of the fifth calendar month following the close of the accounting period for which the return is required to be filed. The assessor shall remove the tax exemption from the property and assets of any hospital which does not file with the assessor said annual report within forty-five days of the due date. The department of revenue shall make a copy of such report available to other governmental agencies upon request.

A hospital, within the meaning of this section, includes any portion of the hospital building, or other buildings in connection therewith, used as a nurses' home or as a residence for persons engaged or employed in the operation of the hospital, or operated as a portion of the hospital unit:))

The real and personal property to the extent used by nonprofit

(1) day care centers as defined pursuant to RCW 74.15.02C as now or hereafter amended; (2) free public libraries; (3) orphanages and orphan asylums; (4) homes for the aged; (5) homes for the sick or infirm; and, (6) hospitals for the sick, which are exclusively used for the purposes of such organizations shall be exempt from taxation; PROVIDED, That the benefit of the exemption inures to the user.

Sec. 4. Section 84.36.050, chapter 15, Laws of 1961 as last amended by section 2, chapter 206, Laws of 1971 ex. sess. and RCW 84.36.050 are each amended to read as follows:

The following property shall be exempt from taxation:

Property owned or used for any nonprofit school or college in this state((, supported in whole or in part by gifts, endowments, or charity, the entire income of which said school or college, after paying the expenses thereof, is devoted to the purposes of such institution, and which is open to all persons upon equal terms. To be exempt, such property must be used)) solely for educational purposes or the revenue therefrom be devoted exclusively to the support and maintenance of such institution. Real property so exempt shall not exceed four hundred acres in extent and shall be used exclusively for college or campus purposes including but not limited to, buildings and grounds designed for ((classrooms, dormitories, housing of faculty and other employees, dining halls, parking lots, student unions and recreational buildings)) the educational, athletic, or social programs of said institution, the housing of students, the housing of religious faculty, the housing of the chief administrator, athletic buildings and all other school or college facilities, the need for which would be nonexistent but for the presence of such school or college and which are principally designed to further the educational functions of such college or schools.

Real property owned or controlled by such institution or leased or rented by it for the purpose of deriving revenue therefrom shall not be exempt from taxation under this section.

((Before any exemption provided for by this section shall be allowed for any year, the institution claiming such exemption shall file with the county assessor of the county wherein such property is situated, on or before the first day of January in such year, a statement verified by the oath of the president, treasurer, or other proper officer of the institution, containing a list of all property claimed to be exempt, the purpose for which it is used, the revenue derived from it for the preceding year, the use to which such revenue was applied, the number of students in attendance at the school or college, the total revenues of the institution with the source from which they were derived, and the purposes to which such revenues were applied, giving the items of such revenues and expenditures in detail. The county assessor of the county wherein such property is

subject to taxation and such exemption is claimed, shall at all times have access to the books and records of such institution in order to determine whether any property claimed to be exempt from taxation should be exempted from the provisions of this section;))

Sec. 5. Section 84.36.060, chapter 15, Laws of 1961 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; PROVIDED, That to qualify for this exemption an organization must be organized and operated exclusively for artistic, scientific, historical, literary 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 ((not exceeding ten thousand dollars in taxable value)).

NEW SECTION. Sec. 6. As used in this 1973 amendatory act:

(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 \*[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.

NEW SECTION. Sec. 7. In order to be exempt pursuant to sections 2 through 5 of this 1973 amendatory 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 section 3 of this 1973 amendatory act 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 sections 2 through 5 of this 1973 amendatory act.

NEW SECTION. Sec. 8. Upon cessation of a use under which an exemption has been granted pursuant to sections 2 through 5 of this 1973 amendatory 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: PROVIDED, That if the cessation of use involves a portion of the total property exemptions the provisions of this section shall apply only to that

portion: PROVIDED FURTHER, That such additional tax shall not be imposed if the cessation of use resulted solely from:

(1) 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;

(2) 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;

(3) 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;

(4) 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;

(5) Relocation of the activity and use of another location or site except for undeveloped properties of camp facilities exempted under section 2 of this 1973 amendatory act.

NEW SECTION. Sec. 9. In order to qualify or requalify for exempt status for real or personal property pursuant to the provisions of chapter 84.36 RCW, as now or hereafter amended, all foreign national governments, churches, cemeteries, nongovernmental nonprofit corporations, organizations, and associations, private schools or colleges, and soil and water conservation districts must file an annual renewal application verifying the facts in the original claim with the state department of revenue. All application forms shall be signed by an authorized agent of the applicant. Such applications must be filed on forms prescribed by the department of revenue no later than March 31 of each year. The department of revenue may provide by rule that such applications may be available at and filed with each county assessor and forwarded to the department of revenue for review.

NEW SECTION. Sec. 10. On or before January 1 of each year, the department of revenue shall mail application forms to owners of record of property exempted from property taxation at their last known address who must make a renewal application for continued exemption. The department of revenue shall notify the assessor of the county in which the property is located who shall remove the tax exemption from any property if an application has not been received for the exemption of such property as required by section 9 of this 1973 amendatory act on or before the due date: PROVIDED, That the department of revenue shall allow a reasonable extension of time for filing upon written request filed on or before the due date, and for good cause shown therein: PROVIDED FURTHER, That failure to file and subsequent removal of exemption shall not be subject to review as



provided in section 16 of this 1973 amendatory act.

NEW SECTION. Sec. 11. An application fee of thirty-five dollars for each annual application for exemption shall be deposited within the general fund. Applications made for assessment year 1974 will be considered initial applications whether or not an exemption has previously been approved.

NEW SECTION. Sec. 12. The department of revenue shall review each application for exemption and make a determination thereon prior to August 1st of the assessment year for which such application is made. The department of revenue may request such additional relevant information as it deems necessary. The department of revenue shall make a physical inspection of the property and satisfy itself as to the use of all parcels prior to approving or denying the application, and thereafter at least once each four years. When the department of revenue has examined the application and the subject property, it shall either approve or deny the request and clearly state the reasons for approval or denial in written notification by certified mail to the applicant. The department shall also notify the assessor of the county in which the property is located. The county assessor shall place such property on the assessment roll for the current year.

NEW SECTION. Sec. 13. On or before August 31st, the department of revenue shall prepare a list by county of those properties exempted under this 1973 amendatory act, and shall forward a list to each county assessor of the property exempt in that county.

NEW SECTION. Sec. 14. In order to determine whether organizations, associations, corporations or institutions except those exempted under sections 1 and 2 of this 1973 amendatory act are exempt from taxes within the intent of this chapter, and before the exemption shall be allowed for any year, the superintendent or manager or other proper officer of the organization, association, corporation or institution claiming exemption from taxation shall file, with the department of revenue on forms furnished by the director, a signed statement made under oath that the income and the receipts thereof, including donations to it, have been applied to the actual expenses of operating and maintaining it, or for its capital expenditures, and to no other purpose. Such forms shall also include a statement of the receipts and disbursements of said organization: PROVIDED, That institutions claiming exemption under section 4 of this 1973 amendatory act shall file in addition a list of all property claimed to be exempt, the purpose for which it is used, the revenue derived from it for the preceding year, the use to which such revenue was applied, the number of students in attendance at the school or college, the total revenues of the institution with the source from which they were derived, and the purposes to which such

revenues were applied, giving the items of such revenues and expenditures in detail.

Such report shall be submitted on or before April 1st following the close of the accounting period for the fiscal year ended during the previous calendar year. The department of revenue shall remove the tax exemption from the property and assets of any organization, association, corporation, or institution which does not file such report with the department of revenue on or before the due date: PROVIDED, That the department of revenue shall allow a reasonable extension of time for filing upon written request filed on or before the required filing date and for good cause shown therein.

NEW SECTION. Sec. 15. If subsequent to the time that the exemption of any property is initially approved or renewed, it shall be determined that such exemption was approved or renewed as the result of inaccurate information provided by the authorized agent of the applicant, the exemption shall be revoked and taxes shall be levied against such property pursuant to the provisions of section 8 of this 1973 amendatory act.

NEW SECTION. Sec. 16. Any applicant aggrieved by the department of revenue's denial of an exemption application may petition the state board of tax appeals to review an application for either real or personal property tax exemption and the board shall consider any appeals to determine (1) if the property is entitled to an exemption, and (2) the amount or portion thereof.

A county assessor of the county in which the exempted property is located shall be empowered to appeal to the state board of tax appeals to review any real or personal property tax exemption approved by the department of revenue which he feels is not warranted.

Appeals from a department of revenue decision must be made within thirty days of the notification of the approval or denial.

NEW SECTION. Sec. 17. Property which changes from exempt to taxable status shall be subject to the provisions of section 8 of this 1973 amendatory act and RCW 84.40.350 through 84.40.390, and the assessor shall also place the property on the assessment roll for taxes due and payable in the following year.

NEW SECTION. Sec. 18. Each county assessor and the director of the department of revenue shall each issue public notice of the provisions of this 1973 amendatory act in such a manner as will give constructive notice to all taxpayers of that county or of the state, as the case may be, prior to the first year in which an application for exemption is required by sections 9 through 15 of this 1973 amendatory act.

NEW SECTION. Sec. 19. The department of revenue of the state of Washington shall make such rules and regulations consistent with

chapter 34.04 RCW and the provisions of this 1973 amendatory act as shall be necessary or desirable to permit its effective administration.

NEW SECTION. Sec. 20. Sections 6 through 19 of this 1973 amendatory act are each added to chapter 84.36 RCW.

NEW SECTION. Sec. 21. There is hereby appropriated to the Department of Revenue \$450,000 from the general fund to administer the provisions of this 1973 amendatory act for the biennium ending June 30, 1975.

NEW SECTION. Sec. 22. If any provision of this 1973 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 23. This 1973 amendatory act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, shall take effect immediately and shall be effective for assessment in 1973 for taxes due and payable in 1974.

Passed the Senate September 15, 1973.  
Passed the House September 15, 1973.  
Approved by the Governor September 27, 1973.  
Filed in Office of Secretary of State September 27, 1973.

CHAPTER 41  
[Second Substitute House Bill No. 487]  
GAMBLING

AN ACT Relating to lotteries; amending section 1, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.010; amending section 2, chapter 218, Laws of 1973 ex. sess. and RCW 9.46.020; amending section 3, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.030; amending section 7, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.070; amending section 11, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.110; amending section 20, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46\_\_\_; adding new sections to chapter 218, Laws of 1973 1st ex. sess. and to chapter 9.46 RCW; and repealing section 28, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.280; and declaring an emergency.

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

V Section 1. Section 1, chapter 218, Laws of 1973 1st ex. sess. and RCW 9.46.010 are each amended to read as follows:  
It is hereby declared to be the policy of the legislature,