

July 20, 2017

Legislative Update – Property tax exemption for multipurpose senior citizen centers

The 2017 Legislature passed [Substitute House Bill 1526](#), (SHB 1526), which takes effect July 23, 2017. It provides a property tax exemption for one or more contiguous real property parcels and personal property owned by a nonprofit senior citizen organization. In addition, the property must be used for the actual operation of a multipurpose senior citizen center. The exemption begins with tax year 2018 and expires on January 1, 2028.

Property eligible for exemption

To be eligible for the exemption, the property must be all of the following:

- One or more contiguous real property parcels and personal property *owned* by a nonprofit senior citizen organization exempt from federal income tax under IRS code 501(c)(3) and formed, in whole or part, to support senior citizen organizations;
- Available to all regardless of race, color, religion, creed, gender, gender expression, national origin, ancestry, the presence of any sensory, mental or physical disability, marital status, sexual orientation, or honorably discharged veteran or military status; and
- Used for the actual operation of a multipurpose senior citizen center.

Note: “Property used for the actual operation of the multipurpose senior citizen center” means the property must not be used for other non-senior center business purposes unless the other business activity is providing services to the seniors, or is considered a fundraising event for the multipurpose senior citizen center or other qualifying nonprofit organization. To qualify as a fundraising event, a portion of the business proceeds from the activity must go to the maintenance or operation of the multipurpose senior center or to the provision of services to seniors by the multipurpose senior center, or the other qualifying nonprofit organization hosting the fundraising event.

Applications must be made to the Department of Revenue

To receive this exemption, the nonprofit owner must complete and submit an application to the Department of Revenue (Department). The application is available at the Department’s website, form number [REV 63 0001](#). The application contains additional information and complete filing instructions. From the Department’s website [dor.wa.gov](#), simply enter the form number in the search box to find the form.

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Application filing deadlines and late fees

The initial application must be postmarked or received by email on or before March 31 of the year immediately preceding the tax year in which the taxes are intended to be exempt. A late filing penalty of \$10 per month, or portion of a month, will accrue from the filing deadline through the application's actual postmark/email date.

Exceptions:

- Initial applications made in 2017 for taxes payable in tax year 2018 must be postmarked or received by email on or before September 20, 2017. The late filing fee will begin to accrue on September 21, 2017, (60 days after the effective date of SHB 1526).
- Retroactive applications for exemption for previous years (beginning with 2017) will be accepted, up to a maximum of three years from the date taxes were due on the property. The applicant must provide the Department with acceptable proof that the property qualified for exemption during the applicable assessment years and pay the late filing penalties.
- For property that is converted to an exempt purpose, or qualifying property acquired, during the year of application, the late filing penalty begins to accrue 60 days after the acquisition or conversion through the application's postmark/email date.

Definitions

The following definitions apply to this exemption:

- "Multipurpose senior citizen center" means a community facility that provides for a broad spectrum of services to senior citizens, whether provided directly by the nonprofit senior citizen organization that owns the facility or by another person. Such services may include the provision of health, social, nutritional, or educational services and the provisions of facilities for recreational activities for senior citizens.
- "Senior citizen" means a person 60 years old or older.
- "Senior citizen organization" means a private organization that was formed, in whole or in part, to support senior citizens, is a nonprofit 501(c)(3), and operates a multipurpose senior citizen center.
- "Farmers Market" means a regular assembly of vendors at a location for the main purpose of promoting the sale of agricultural products grown, raised, or produced in this state directly to the consumer.
- "Thrift Store" means a retail establishment that:
 - Is operated by a senior citizen organization;
 - Is located on the same parcel of real property as the senior citizen organization's multipurpose senior citizen center, or on a contiguous parcel of real property; and
 - Sells goods including, but not limited to, donated goods, as part of the senior citizen organization's fund-raising efforts for the operation of its multipurpose senior citizen center and the provision of services and activities for senior citizens; and
 - Any non-donated goods sold at the thrift store does not exceed ten percent of the thrift store's total combined gross annual sales of all goods.

Question & Answers

Q: Is the multipurpose senior center limited to a number of days it can rent or loan its facility for events such as weddings, office retreats, or other special events?

A: There is no specific limitation in the law on the number of days in a year that the multipurpose senior citizen center can be used for another purpose. However, the property must be considered primarily used for the

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multipurpose senior citizen center. If a cover charge or similar charge is required to attend such events, a portion of the proceeds must go to support the multipurpose senior center, provide services for seniors, or go to support another qualifying nonprofit organization to be considered a fundraising event.

Q: If approved for exemption, how long will my exemption last?

A: Once approved, the exemption applies for one year and may be renewed on an annual basis. After the initial year, a renewal declaration must be submitted to the Department by March 31 each assessment year for taxes to be exempt in the subsequent tax year.

SHB 1536 is a new tax preference subject to the automatic 10-year expiration. Therefore, property taxes payable in tax years 2018-2027 are the only taxes eligible to be exempt under SHB 1526. The 2027 tax year is the last year taxes may be exempt under this exemption.

Timeline and renewal requirements for prospective exemptions			
If the initial application is filed on or before:	If approved, the property is eligible for exemption of taxes due and payable in tax year(s):	If renewed annually and approved, property may also be exempt for taxes due and payable in the following tax year(s):	Total number of years possible for exemption under this act, SHB 1526 is:
July 23, 2017	2018	2019 - 2027	10
March 31, 2018	2019	2020 - 2027	9
March 31, 2019	2020	2021 - 2027	8
March 31, 2020	2021	2022 - 2027	7
March 31, 2021	2022	2023 - 2027	6
March 31, 2022	2023	2024 - 2027	5
March 31, 2023	2024	2025 - 2027	4
March 31, 2024	2025	2026 - 2027	3
March 31, 2025	2026	2027	2
March 31, 2026*	2027	Not available for renewal	1
*2026 is the last year to apply for a prospective exemption. Applications for exemption will be accepted until December 31, 2026. However, if the exemption is filed after March 31, applicable late filing fees will apply.			

Once the tax preference (exemption) in SHB 1526 expires, some or all of the previously exempt property might qualify for exemption under RCW 84.36.030 or RCW 84.36.037. Nonprofit senior citizen organizations must reapply in 2027.

Q: Can our multipurpose senior citizen center host a farmers market or other fundraising event on the property?

A: Yes the center can host a farmers market or other fundraising event if the farmers market:

- Provides financial support for the multipurpose senior center; or
- Provides financial support for services and activities for senior citizens.

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Q: Can another organization host a farmers market or other fundraising event on the exempt multipurpose senior center property?

A: Yes, but only if the organization conducting the farmers market or fundraising event is a nonprofit organization eligible for exemption under chapter 84.36 RCW.

Q: Can our multipurpose senior citizen center run a thrift store?

A: Yes if the thrift store:

- a) Is operated by a multipurpose senior citizen center;
- b) Is located on the same parcel or contiguous parcel of real property as the senior citizen organization's multipurpose senior center;
- c) Sells goods, including but not limited to donated goods, as part of the senior citizen organization's fundraising efforts for the operation of its multipurpose senior citizen center and the support of services and activities for senior citizens; and
- d) Any non-donated goods sold at the thrift store cannot exceed ten percent of the thrift store's total combined gross annual sales of all goods.

If you have questions or need additional information, please contact Ras Roberts at (360) 534-1411 or RasR@dor.wa.gov