

This draft is provided for discussion purposes only to determine what topics a possible proposed rule might address. This discussion draft is under no circumstances to be used to determine a tax liability and/or eligibility for tax exemptions.

WAC 458-16-260 Nonprofit day care centers, libraries, orphanages, homes for sick or infirm, hospitals, outpatient dialysis facilities. (1) **Introduction.** This ~~((rule))~~ section explains the property tax exemption available under the provisions of RCW 84.36.040 to property used by nonprofit day care centers, libraries, orphanages, homes for the sick or infirm, hospitals, and outpatient dialysis facilities. ~~((, and- te))~~ This section also explains the property tax exemption available to property leased to and used by a hospital that is owned and operated by a public hospital district for hospital purposes.

(2) **Definitions.** For purposes of this ~~((rule))~~ section, the following definitions apply:

(a) "Convalescent ~~((and))~~ or chronic care" means any or all procedures commonly employed in caring for the sick including, but not limited to, administering medicines, preparing special diets, providing bedside nursing care, applying dressings and bandages, and carrying out any treatment prescribed by a duly licensed practitioner of the healing arts.

(b) "Day care center" means a licensed facility, other than

an in-home facility, that regularly provides care for a group of children for periods of less than twenty-four consecutive hours.

(c) "Home for the sick or infirm" means any home, place, or institution that operates or maintains facilities to provide convalescent or chronic care, or both, for three or more persons not related by blood or marriage to the operator, who by reason of illness or infirmity, are unable to properly care for themselves.

(i) The services must be provided to persons over a continuous period of twenty-four hours or more.

(ii) A boarding home, guest home, hotel, or similar institution that is held forth to the public as providing and supplying only room, board, or laundry services to persons who do not need medical or nursing treatment or supervision is not considered a "home for the sick or infirm" for purposes of this ((rule)) section.

(d) "Hospital" means a nonprofit organization, association, or corporation ((~~or public hospital established in accordance with chapter 70.44 RCW~~)) engaged in providing medical, surgical, nursing or related health care services for the prevention, diagnosis or treatment of human disease, pain, injury, disability, deformity, mental illness, or retardation, as well as the equipment and facilities used by a nonprofit organization, association, or corporation ((~~or hospital established in accordance with chapter 70.44 RCW~~)) to deliver such services to inpatients. These services must be provided over a continuous period of twenty-four hours or more.

~~(i) ("Hospital" also means any portion of a hospital building, or other buildings used in connection therewith, and the equipment therein operated as a part of a hospital unit or used as a residence for persons engaged or employed in the operation of a hospital including, but not limited to, a nurse's home or a residence for hospital employees.))~~ "Hospital also means all buildings and portions of buildings currently licensed as part of a hospital unit pursuant to chapter 70.41 RCW or chapter 71.12 RCW that are owned by or leased to the entity licensed to operate as a hospital and are used exclusively for hospital purposes. The term also includes buildings used as a residence for persons engaged or employed in the operation of a hospital by an entity licensed to operate as a hospital. Such buildings include, but are not limited to, a nurse's home or a residence for hospital employees.

(ii) "Hospital" does not mean:

(A) Hotels or similar places that furnish only food and lodging or simple domiciliary care;

(B) Clinics or physician's offices where patients are not regularly kept as bed patients for twenty-four hours or more;

(C) Nursing homes as defined in chapter 18.51 RCW; and

(D) Maternity homes as defined in chapter 18.46 RCW.

(e) "Hospital unit" means all buildings or properties that are part of an integrated, interrelated, homogeneous unit exclusively used for exempt hospital purposes. The term includes residential units exclusively used to temporarily house families of inpatients in an integrated program of hospital

therapy.

~~((f)) "Property" means real or personal property used by a nonprofit organization, association, or corporation or leased to and used by a hospital that is owned and operated by a public hospital district established under chapter 70.44 RCW.))~~

(3) **Exemption for exclusively used property.** All real and personal property exclusively used by a nonprofit organization, association, or corporation for the following institutions is exempt from taxation:

(a) Day care centers;

(b) ~~((Preschools;))~~

~~((c))~~ Free public libraries;

~~((d))~~ (c) Orphanages ~~((and orphan asylums));~~

~~((e))~~ (d) Homes for the sick or infirm;

~~((f))~~ (e) Hospitals for the sick; and

~~((g))~~ (f) Outpatient dialysis facilities.

(4) **Exemption for loaned or rented property.** Property loaned or rented to an institution listed in subsections (3)(a) through ~~((g))~~ (f) of this ~~((rule))~~ section is also exempt from taxation if:

(a) The property is exclusively used by the nonprofit organization, association, or corporation;

(b) The benefit of the exemption inures to the user; and

(c) The property was specifically identified as loaned or rented when the application for exemption was made.

(5) **Property leased to and used by a hospital that is owned and operated by a public hospital district.** All real and

personal property leased to and used by a hospital owned and operated by a public hospital district established under chapter 70.44 RCW for hospital purposes is exempt from taxation. The benefit of the exemption must inure to the entity using the exempt property.

(6) **Exclusive use required.** Any portion of property exempt under subsections (3) through (5) of this ((rule)) section that is not exclusively used in a manner furthering the exempt purposes of the nonprofit organization, association, or corporation ((~~or the hospital purposes of public hospital district~~)) must be segregated and taxed. For example, hospital property used by a physician to conduct his private practice must be segregated and taxed.

~~(7) ((**Actual use and irrevocable dedication required.** To be exempt from taxation under this rule, all property owned by a nonprofit organization, association, or corporation or owned and operated by a public hospital district established under chapter 70.44 RCW must be:~~

~~—— (a) In use; and~~

~~—— (b) Irrevocably dedicated to the exempt purpose of the nonprofit organization, association, or corporation.~~

~~(8))~~ **Additional requirements.** Any organization or association that applies for a property tax exemption under this ((rule)) section must also comply with the provisions of WAC 458-16-165. WAC 458-16-165 sets forth additional conditions and requirements that must be complied with to obtain a property tax exemption under RCW 84.36.040.

