

This rule was adopted on December 24, 2009 and becomes effective January 24, 2010. It may be used to determine tax liability on and after the effective date, until the codified version is available from the code reviser's office.

AMENDATORY SECTION (Amending WSR 01-24-037, filed 11/28/01, effective 12/29/01)

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, outpatient dialysis facilities~~((, and))~~. 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 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)~~) illness, pain, injury, disability, deformity, or abnormality, including 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.~~

~~(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.)~~
treatment of mentally incompetent persons, or treatment of chemically dependent persons. The term also means all buildings or portions of buildings that are currently licensed as part of a hospital pursuant to chapters 70.41 or 71.12 RCW, and are part of an integrated, interrelated, homogeneous unit exclusively used for hospital purposes. The licensed hospital must be able to provide health care services to inpatients over a continuous period of twenty-four hours or more. The term also includes:

(i) Administrative and support facilities integral and necessary to the functioning of the licensed hospital;

(ii) Buildings used as a residence for persons engaged or employed on a regular basis in the operation of a licensed hospital. Such buildings include, but are not limited to, a nurse's home or a residence for hospital employees; and

(iii) Residential units administered by a licensed hospital that are exclusively used to temporarily house families of inpatients in an integrated program of therapy.

"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 not licensed as part of a hospital, 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.

(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, leased, or rented property.** Property loaned, leased, 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, leased, or rented when the application for exemption was made.

(5) **Property leased or rented to and used by a hospital that is owned and operated by a public hospital district.** All real and personal property leased or rented 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, and under the administrative control of, 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.