

October 17, 2013

Legislative Update – Changes in the Property Tax Exemption for Nonprofit Fair Associations

Engrossed Second Substitute Senate Bill 5078 was passed by the 2013 Legislature and became effective July 28, 2013. The measure amended RCW 84.36.480 to:

- Provide clarification regarding the existing exemption.
- Establish a new exemption for nonprofit fair associations.
- Impose an assessed value limitation.

Qualifying for Exemption

[RCW 84.36.480](#) provides a property tax exemption for the real and personal property owned by a nonprofit fair association. To qualify for exemption:

- The property must be exclusively used to sponsor or conduct a fair, which is eligible to receive support from the “Fair Fund” allocated by the Department of Agriculture.
- The loan, rental, or use of the property must be restricted to other nonprofit entities eligible for exemption under chapter 84.36 RCW. *Please note: The loan or rental of exempt property to concessionaires, vendors, and exhibitors during a qualifying fair does not jeopardize the exempt status of the property.*
- Rents and/or donations received for the use of exempt property may not exceed the maintenance and operation expenses of that portion of the property loaned or rented.

Clarification

The amendment clarifies that a nonprofit fair association remains eligible for this exemption by sponsoring or conducting a fair that is *eligible* to receive support from the fair fund. It is not necessary for a fair to receive actual support before the exemption can be granted or continued.

New Exemption Established

Section 2(a) of this bill creates a new exemption for the real and personal property owned by a nonprofit fair association. To qualify for exemption under the new section:

- The nonprofit fair associations must be organized under [chapter 24.06 RCW](#); and
- The nonprofit fair associations must have received/acquired the majority of their property directly from a county or city between 1995 and 1998.

It is important to note that:

- Fair associations qualifying for exemption under the new section are not subject to an exclusive use requirement and may freely loan or rent their exempt property to for-profit and nonprofit entities without jeopardizing the exempt status of the property.
- Fair associations qualifying under the new section are not required to limit the fees or donations received from the loan or rental of their exempt property.
- Exemptions granted under the new section expire as of December 31, 2018.

Assessed Value Limit

As of July 28, 2013, nonprofit fair associations owning real and personal property exceeding \$15 million in combined total assessed value are ineligible for exemption under RCW 84.36.480. Nonprofit fair associations affected by the new assessed value limit should contact the Department of Revenue’s Property Tax Division for assistance.

Property Tax Special Notice

RCW 84.36.480 – Nonprofit Fair Associations

Application Required

Nonprofit fair associations must apply to the Department of Revenue's Property Tax Division for exemption under RCW 84.36.480(2)(a), the new section of the statute. RCW 84.36.480(2)(a) will be implemented for assessment year 2013 and effective for taxes due and payable in 2014. The *Application for Property Tax Exemption* (form [REV 63 0001](#)) is available on our website: [DOR.WA.GOV](#).

Questions

This information applies only to the exemption granted under RCW 84.36.480 and does not affect other exemptions in chapter 84.36 RCW. Questions regarding this information should be directed to Cindy Armstrong, Property Tax Division, at (360) 534-1412 or SindyA@dor.wa.gov.