

# Property Tax Exemption for Nonprofits: Public Assembly Halls

Nonprofit organizations that use their property as a public assembly hall or meeting place may be eligible for a property tax exemption if the property meets all the following criteria:

- Owned by a nonprofit that operates the facility.
- Must be used for public gatherings at least 51% of the total time used (calculated in hours).
- May not exceed 1 acre.
- Facilities must be available to all - regardless of race, color, national origin, or ancestry.

Accurate records must be maintained throughout the year for public assembly halls that include the following:

- Any changes to use.
- A log of the use.
  - Name of person or organization using the property.
  - Date and time(s) of the use.
  - Purpose of the use – describe the event including whether it was used for business/commercial purposes.
  - Rental fee/donation received for the use.
- Examples of advertising.
- Income and expenses relating to the property.

## Annual renewals due Mar. 31

To keep your property tax exemption, you are required to submit an annual renewal. The department sends a notice each year in January, reminding nonprofits to renew their exemption online ([dor.wa.gov](http://dor.wa.gov)) prior to the Mar. 31 deadline.

If the department receives your renewal after Mar. 31, late fees of \$10.00 per month will be assessed. Failure to renew before Nov. 30, will result in the loss of the property tax exemption as of Jan. 1 of the current year.

Please recognize, when a nonprofit qualifies for a property tax exemption they must continue to meet the exemption criteria that allowed them to receive the tax benefit in the first place. If there is any change in use or activity,



including the cessation of use or the sale of property, you must notify the department to determine whether the new use is exempt.

When an exempt property is no longer used for the purpose under which an exemption was granted, and has not been exempt for more than ten consecutive years, the property may be subject to the rollback provisions in [RCW 84.36.810](http://RCW 84.36.810). All taxes which would have been paid had the property not been exempt during the three years preceding, or the life of the exemption, whichever is less, together with the interest at the same rate and computed in the same way as delinquent property taxes will be due.

## Loan and Rental

A public assembly hall may loan or rent the property for public use. The owner of the property must create a fee schedule, loan and rental policy, and establish conditions and restrictions for the use of the property. In addition, the property owner must advertise the facility's availability to the general public.

The property may not be used to promote business activity or for pecuniary gain more than 15 days per year. However, in counties with populations under 20,000 people, the property may be used to promote dance lessons, music lessons and art classes more than 15 days per year.

**Examples of commercial or business activities include:**

- Music or fitness instructor conducting classes where each participant pays a fee.

- A for-profit weight loss program conducting group meetings.
- Bazaar or vendor fair where individuals/businesses sell products or services.

The property may also be used to conduct a farmers market, as defined in [RCW 66.24.170](#), for up to 53 days per year.

Rental income or donations must be reasonable and not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented. If rental income exceeds expenses, the excess must be dedicated toward capital improvements or reserves for maintenance and operation of the facility.

## Fundraising

Fundraising events held on exempt property do not jeopardize the exemption, if the following are met:

- The event is sponsored by an exempt organization.
- Each event is limited to five days or less.
- 51% or more of the net proceeds collected at each event must be paid to the sponsoring exempt organization.
- The events are not frequent or regularly scheduled.

Fundraising activities that are regularly scheduled on a daily, weekly or monthly basis (such as a weekly/ monthly bingo night) are considered to be business activity, rather than occasional fundraising events. These may only be conducted within the overall 15-day allowance for business activity.

## Refunds for Prior Years

If you paid prior years' property taxes because of a mistake, oversight, or a lack of knowledge about this program, you may be eligible for a refund. You must meet all of the qualifications for the exemption as if you had applied at the time the application was due. A late application fee will apply. In order to receive a refund, applications must be filed within three years of the date the taxes were due. Refunds will not be made beyond the three years.

## Appeal Process

After the department reviews your initial application and/or renewal, they will issue a determination of taxability. If you do not agree with the department's determination, you have the right to appeal to the Washington State Board of Tax Appeals (Board). Your appeal must be filed with the Board within 30 calendar days of the date the determination was mailed or emailed. You must allow for

mailing time within the 30 day period. To obtain an appeal form, call the Board at 360-753-5446 or visit their website at [bta.wa.gov](http://bta.wa.gov).



## Frequently Asked Questions

**Is a family birthday party considered “open to the public”?**

Yes, although the family may not consider the event to be “open to the public” as they’ve only invited family and friends, for exemption purposes, it is considered “open to the public” because “the public” is using the facility, rather than the organization that owns the property.

**Do vaccination clinics or blood drives count under the 15/50?**

Typically, these events are conducted by a hospital or clinic that is reimbursed, or paid, for expenses associated with the services, so even though the services may be provided “free” to the recipient, the hospital or clinic is likely conducting “business activities” on the exempt property, which must be limited to no more than 15 days per year.

**Our hall hosts a weekly Friday night bingo social. Each card is \$2, and the players can win cash prizes. Will this activity jeopardize the exempt status of our property?**

Because money is required to play and the winners receive money, it would be considered a commercial activity, which is limited to 15 days per year.

**A musical group would like to hold a community concert in our hall. The group would charge admission and/or sell merchandise during the concert. Will this jeopardize the exempt status of the property?**

Maybe. The activity conducted by the musical group is pecuniary gain or business activity. Business/pecuniary gain activities will not jeopardize the exemption, if conducted on 15 days or less during the calendar year.

## More Information

[RCW 84.36.037](#)

[RCW 84.36.805](#)

[RCW 84.36.810](#)

[WAC 458-16-150](#)

[WAC 458-16-165](#)

[WAC 458-16-310](#)

## Questions

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