EXPEDITED RULE MAKING

CR-105 (June 2024)
(Implements RCW 34.05.353)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: October 05, 2026
TIME: 3:37 PM

WSR 26-20-083

Agency: Department of Revenue

Title of rule and other identifying information: (describe subject) WAC 458-16-110 Initial application and renewal declaration; WAC 458-16-165 Conditions under which nonprofit organizations, associations, or corporations may obtain a property tax exemption; WAC 458-16-180 Public burying grounds or cemeteries; WAC 458-16-300 Public meeting hall-Public meeting place-Community meeting hall; WAC 458-16-310 Community celebration facilities.

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The department is amending these rules to incorporate the following 2026 legislation:
-House Bill 2610, which made changes to the nonprofit homeownership development property tax exemption in RCW 84.36.049.
-Substitute House Bill 2239, which created a new framework for privately owned family burial grounds under a new chapter in Title 68 RCW.
-House Bill 2431, which increased the number of days for fundraising activities for the public assembly hall property tax exemption under RCW 84.36.037.
-Engrossed Substitute Senate Bill 5252, which removed the acreage limit for the public assembly hall property tax exemption under RCW 84.36.037.

Reasons supporting proposal: Updating these rules will provide clarity for applicants and for the Department of Revenue who is charged with processing exemption applications and administering the multiple property tax exemptions under chapter 458-16 WAC.

Statutory authority for adoption: RCW 84.08.010; RCW 84.08.070

Statute being implemented: RCW 84.36.037; RCW 84.36.049; RCW 84.36.805; RCW 84.36.815;

Is rule necessary because of a:

Federal Law?	☐ Yes	☒ No
Federal Court Decision?	☐ Yes	☒ No
State Court Decision?	☐ Yes	☒ No

If yes, CITATION:

Name of proponent: (person or organization) Department of Revenue

☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Leslie Mullin	7345 Linderson Way SW, Tumwater, WA	360-534-1589
Implementation:	Jeannette Becker	7345 Linderson Way SW, Tumwater, WA	360-534-1599
Enforcement:	Jeannette Becker	7345 Linderson Way SW, Tumwater, WA	360-534-1599

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

AMENDATORY SECTION (Amending WSR 22-24-097, filed 12/6/22, effective 1/6/23)

WAC 458-16-110 Initial application and renewal declaration. (1) **Introduction.** This rule explains the requirements in RCW 84.36.815 that property owners must follow to apply for and renew all real and personal property exemptions or leasehold excise tax exemptions under chapter 84.36 RCW. It also explains the late filing penalty that is due whenever an application or renewal declaration is received after the filing deadline.

(2) **Application required.** All foreign national governments; cemeteries; nongovernmental nonprofit corporations, organizations, or associations; soil and water conservation districts; hospitals established under chapter 36.62 RCW; and public hospital districts established under chapter 70.44 RCW, seeking a property tax exemption or a leasehold excise tax exemption under chapter 84.36 RCW must submit an application for exemption with supporting documentation to the department of revenue (department). Unless otherwise exempted by law, no real or personal property or leasehold interest is exempt from taxation until an application is submitted and an exemption is granted.

(3) **Where to obtain initial application and renewal declaration forms.** An initial application for exemption may be obtained from any county assessor's office or on the department's website at dor.wa.gov. Renewal declaration forms are provided by the department to all entities receiving a property tax or leasehold excise tax exemption, except for certain cemeteries, military housing providers, and tribal governments. Refer to subsection (8) of this rule for additional information on renewal declarations.

(4) **Initial application.** Generally, initial applications for exemption must be filed with the department on or before March 31st to exempt the property from taxes due in the following year. However, an initial application may be filed after March 31st if the property is acquired or converted to an exempt use after that date, if the property may qualify for an exemption under chapter 84.36 RCW. For property acquired or converted after March 31st, the initial application must be submitted within 60 days of acquisition or conversion to an exempt use. If an initial application is not received within this 60-day period, the late filing penalty described in subsection (12) of this rule is imposed.

The following requirements apply to all initial applications:

(a) The application must be made on a form prescribed by the department and signed by the applicant or the applicant's authorized agent;

(b) One application can be submitted for all real property that is contiguous and part of a homogeneous unit. If exemption is sought for multiple parcels of real property, which are not contiguous or not part of a homogeneous unit, a separate application for each parcel must be submitted. However, multiple applications are not required for church property with a noncontiguous parsonage or convent.

(i) "Contiguous property" means real property adjoining other real property, all of which is under the control of a single applicant even though the properties may be separated by public roads, railroads, rights of way, or waterways.

(ii) "Homogeneous unit" means the property is controlled by a single applicant and the operation and use of the property is integrated with and directly related to the exempt activity of the applicant.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(5) **Documentation required for initial application.** Unless the following information was previously submitted to the department and is still current, the applicant must submit the following in addition to the initial application:

(a) A legal description of all real property, listing the county tax parcel number;

(b) A copy of the deed for real property owned by the applicant or a copy of the lease agreement if the property is being leased. If leased, the applicant must also indicate how the property is being used, and the monthly amount of maintenance and operation costs related to rented or loaned property if a nonprofit entity is claiming an exemption for property leased to another party;

(c) A copy of the bylaws of the nonprofit entity, and articles of incorporation or association, constitution, or other establishing documents, as well as all current amendments to these documents showing nonprofit status, if requested by the department;

(d) A copy of any current letter issued by the Internal Revenue Service that exempts the applicant from federal income taxes; and

(e) An accurate map identifying by dimension the use or proposed use of all real property that shows buildings, building sites, parking areas, landscaping, vacant areas, and if requested by the department, floor plans of the buildings. The map will be used to determine whether the property is entitled to a total or partial exemption based upon the use of the total area.

(6) **Initial application review and notice of determination.** Upon receipt of an initial application for exemption, the department will review the application and all supporting documentation. Additional information may be requested by the department about the ownership and use of the property to determine if the exemption should be granted. An application for exemption is not considered complete until all required and requested information is received by the department.

(a) Physical inspection. The department may physically inspect the property as part of the application review process.

(b) Deadline. If a complete application is received by March 31st of the assessment year, the department will issue a determination about the application by August 1st of that same year. If a complete application is not received by March 31st, the determination will be made within 30 days of the date the complete application is received by the department or by August 1st, whichever is later.

(c) Notice to applicant. The department will issue a written determination about the exemption application to the applicant. An application may be approved or denied, in whole or in part. If the application is denied for any portion of the property covered by the application, the department must clearly explain its reason for denial in its written determination.

(d) Notice to assessor. Once the department makes its determination about the application for exemption, it will notify the assessor of the county in which the property is located regarding the determination. The assessor will then take appropriate action so the department's determination is reflected on the county's assessment roll.

(7) **Effective date of exemption.** If an initial application is approved, the property is exempt from property taxes due the year immediately following the year the application for exemption is submitted.

For example, if an application for exemption is submitted to the department in 2020 and the application is approved for assessment year 2020, the property will be exempt from taxes due in 2021.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

Retroactive initial applications for exemption for previous years are accepted, up to a maximum of three years from the date taxes were due on the property, if the applicant provides the department with acceptable proof that the property qualified for exemption during the pertinent assessment years and pays the late filing penalties described in subsection (12) of this rule.

(8) **Renewal declarations.** The renewal declaration is a form provided by the department and may be submitted electronically.

(a) Annual renewal declaration. Except as provided in (b) and (c) of this subsection, any entity receiving an exemption must annually submit a renewal declaration certifying that the use and exempt status of the real and personal property has not changed.

(b) Other renewal declarations. Nonprofits receiving an exemption under RCW 84.36.560 or 84.36.675 must file a renewal declaration on or before March 31st of every third year following initial qualification for the exemption. In addition to this renewal requirement, all other requirements in this rule apply to these exemptions. Refer to WAC 458-16-560 Housing for qualifying households, for additional information about this exemption.

(c) No renewal declaration. Nonprofit cemeteries receiving an exemption under RCW 84.36.020 ((~~and nonprofits receiving an exemption under RCW 84.36.049,~~)) are not required to file a renewal declaration. See subsection (11) of this rule for additional information on renewal declarations for cemeteries.

(9) **Documentation required for renewal declaration.** Unless otherwise indicated in subsection (8) of this rule, the following requirements apply to all renewal declarations:

(a) On or before January 1st of each year, the department will send information about the renewal declaration to the entity receiving an exemption for the property. If an entity changes its mailing or contact information at any time during the year, it must notify the department within 60 days about the change.

(b) The renewal declaration, signed by the exempt entity or the exempt entity's authorized agent, must be submitted to the department no later than March 31st of each year.

(i) The renewal declaration must include information about any change of use of the exempt property and a statement certifying the truth and accuracy of the information listed.

(ii) The renewal declaration is due on or before March 31st of each year even if the department fails to send the declaration to the exempt entity. A renewal declaration form may be requested from the department to renew the exemption or the exempt entity may use the department's online system to submit the declaration.

(c) If the renewal declaration is not received by March 31st, the department will send a second notice to the exempt entity. If the exempt entity fails to respond to the second notice, the department will remove the exemption from the property and notify the assessor of the county in which the property is located that the exemption has been canceled.

(d) Real property, which was previously exempt from taxation, is assessed and taxed as provided in RCW 84.40.350 through 84.40.390 when it loses its exempt status.

(i) Property that no longer retains its exempt status is subject to a pro rata portion of the taxes allocable to the remaining portion of the year after the date the property lost its exempt status.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(ii) The assessor lists and assesses the property with reference to its true and fair value on the date the property lost its exempt status.

(iii) RCW 84.40.380 provides the dates that taxes are payable when property loses its exempt status. Taxes due and payable under RCW 84.40.350 through 84.40.390 constitute a lien on the property that attaches on the date the property loses its exempt status.

(10) **Failure to submit a renewal declaration.** When property loses its exempt status because the renewal declaration was not submitted and the owner wishes to reapply for the property tax exemption:

(a) If the owner reapplies within the same assessment year the exemption was removed, the owner must submit the renewal declaration and pay the required late filing penalties; or

(b) If the owner reapplies after the assessment year the exemption was removed, the owner must submit an initial application and pay the required late filing penalties.

(11) **Initial application and renewal declaration procedures for cemeteries.** There are several types of cemeteries. The initial application for exemption and renewal declaration procedures are specific as to the type of cemetery at issue. The exemption for public burying grounds and cemeteries described in this subsection does not apply to family burial grounds established under chapter 68.74 RCW.

(a) The assessor will consider the following types of cemeteries exempt from property tax, and no initial application or renewal declaration is required for:

(i) Cemeteries owned, controlled, operated, and maintained by a cemetery district authorized by RCW 68.52.090; or

(ii) Indian cemeteries, which are considered to be held by the tribe or held in trust for the tribe by the United States.

(b) An initial application is submitted to the department, but no renewal declaration is required, for:

(i) Family cemeteries;

(ii) Historical cemeteries;

(iii) Community cemeteries; and

(iv) Cemeteries belonging to nonprofit organizations, associations, or corporations.

(c) An initial application is submitted to the department, and a renewal declaration is required annually by all for-profit cemeteries seeking a property tax exemption.

(12) **Late filing penalty.** When an initial application or renewal declaration is submitted after the due date, a late filing penalty of $10.00 is due for every month, or portion of the month. This penalty is calculated from the date the initial application or renewal declaration was due until the postmark date shown on the application or declaration or the date the application or declaration is received by the department. RCW 84.36.825.

(13) **Refund of filing penalty.** No late filing penalty is refunded after a determination on the application is issued by the department. However, the late filing penalty will be refunded under the following circumstances:

(a) A duplicate application or renewal declaration for the same property is submitted during the same calendar year;

(b) An application or renewal declaration is received by the department and the department has no authority to grant the exemption requested; or

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(c) A written request to withdraw the application is received before the department issues a determination. The withdrawal request must be submitted by the owner or the owner's authorized agent.

(14) **Appeals.** Any applicant that receives a negative determination from the department on either an initial application or a renewal declaration may appeal this determination to the state board of tax appeals (BTA). Similarly, any assessor who disagrees with the department's determination may appeal the determination to the BTA. See WAC 458-16-120 Appeals, for specific information about the appeal process.

AMENDATORY SECTION (Amending WSR 24-02-018, filed 12/21/23, effective 1/21/24)

WAC 458-16-165 Conditions under which nonprofit organizations, associations, or corporations may obtain a property tax exemption. (1) **Introduction.** This rule describes the conditions in RCW 84.36.805 and 84.36.840 that most nonprofit organizations, associations, and corporations must satisfy in order to receive a property tax exemption under chapter 84.36 RCW.

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

(a) "Department" means the department of revenue.

(b) "Inadvertent use" or "inadvertently used" means the use of the property in a manner inconsistent with the purpose for which the exemption is granted through carelessness, lack of attention, lack of knowledge, mistake, surprise, or neglect.

(c) "Maintenance and operation expenses" means items of expense allowed under generally accepted accounting principles to maintain and operate the loaned or rented portion of the exempt property.

(d) "Revenue" means income received from the loan or rental of exempt property when the income exceeds the amount of maintenance and operation expenses attributable to the portion of the property loaned or rented.

(e) "Personal service contract" means a contract between a nonprofit organization, association, or corporation and an independent contractor under which the independent contractor provides a service on the organization's, association's, or corporation's tax exempt property. (See example in subsection (5)(c) of this rule.)

(3) **Examples.** This rule includes examples that identify a set of facts and then state a conclusion. These examples should only be used as a general guide. The department will evaluate each case on its particular facts and circumstances.

(4) **Applicability of this rule.** This rule does not apply to exemptions granted to:

(a) Public burying grounds or cemeteries under RCW 84.36.020;

(b) Churches, parsonages, convents, and church grounds under RCW 84.36.020;

(c) Administrative offices of nonprofit recognized religious organizations under RCW 84.36.032;

(d) ((~~Nonprofit homeownership development entities under RCW 84.36.049;~~

~~(e)~~)) Water distribution property owned by a nonprofit corporation or cooperative association under RCW 84.36.250;

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

((~~(f)~~)) (e) Nonprofit fair associations under RCW 84.36.480(2); or

((~~(g)~~)) (f) Multipurpose senior citizen centers under RCW 84.36.670.

(5) **Exclusive use.** Exempt property must be exclusively used for the actual operation of the activity for which the nonprofit organization, association, corporation, hospital established under chapter 36.62 RCW, or public hospital district established under chapter 70.44 RCW, received the property tax exemption unless the authorizing statute states otherwise. The property exempted from taxation must not exceed an area reasonably necessary to facilitate the exempt purpose.

(a) Loan or rental of exempt property. For information on loans and rentals of property exempt under RCW 84.36.030, see RCW 84.36.031. For other exempt property, generally, the loan or rental of exempt property does not make it taxable if:

(i) The rents or donations received for the use of the property are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented;

(ii) Except for the exemptions under RCW 84.36.030(4), 84.36.037, 84.36.050, and 84.36.060 (1)(a) and (b), the property would be exempt from tax if owned by the organization to which it is loaned or rented; and

(iii) The loan and rental provisions described in this subsection (5)(a) do not apply to real and personal property owned or leased by a nonprofit organization, corporation, or association to provide housing for eligible persons with developmental disabilities, as described under RCW 84.36.042.

(b) Fund-raising events. The use of exempt property for fund-raising events conducted by an exempt organization, association, corporation, hospital established under chapter 36.62 RCW, or public hospital district established under chapter 70.44 RCW, does not jeopardize the exemption if the fund-raising events are consistent with the purposes for which the exemption was granted. The term "fund-raising" means any revenue-raising event limited to less than five days in length that disburses 51 percent or more of the profits realized from the event to the exempt nonprofit entity conducting the fund-raising event.

(i) Example 1. A nonprofit social service agency holds an art auction in the auditorium of its tax exempt facility to raise funds. The event must be less than five days in length and 51 percent of the profits must be disbursed to the social service agency because the fund-raising event is being held on exempt property.

(ii) Example 2. A nonprofit school has a magazine subscription drive to raise funds and the subscriptions are being sold door-to-door by students. There are no limitations on this fund-raising event because the subscription drive is not being held on exempt property.

(c) Personal service contract - Exempt programs. Programs provided under a personal service contract will not jeopardize the exemption if the following conditions are met:

(i) The program is compatible and consistent with the purposes of the exempt organization, association, or corporation;

(ii) The exempt organization, association, or corporation maintains separate financial records as to all receipts and expenses related to the program; and

(iii) A summary of all receipts and expenses of the program are provided to the department upon request.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(iv) Example 3. A nonprofit school may decide to contract with a provider to offer aerobic classes to promote general health and fitness. All brochures and bulletins advertising these classes must show that the school is sponsoring the classes. Under the terms of the contract between the nonprofit school and the aerobics instructor, an independent contractor, the instructor must provide the classes for a predetermined fee. All fees collected from the participants of the classes must be received by the school; the school, in turn, will absorb all costs related to the classes.

(d) Personal service contract - Nonexempt programs. Programs provided under a personal service contract (i) that require the contractor to reimburse the nonprofit organization for program expenses, or (ii) in which the instructor is paid a fee based on the number of people who attend the program will be viewed as a rental agreement and will subject the property to property tax.

(e) Inadvertent use. An inadvertent use of the property in a manner inconsistent with the purpose for which the exemption was granted does not subject the property to tax if the inadvertent use is not part of a pattern of use. A "pattern of use" is presumed when an inadvertent use is repeated in the same assessment year or in two or more successive assessment years.

(6) **No discrimination allowed.** The exempt property and the services offered must be available to all persons regardless of race, color, national origin, or ancestry.

(7) **Compliance with licensing or certification requirements.** A nonprofit entity, hospital established under chapter 36.62 RCW, or public hospital district established under chapter 70.44 RCW seeking or receiving a property tax exemption must comply with all applicable licensing and certification requirements imposed by law or regulation.

(8) **Property sold subject to an option to repurchase.** Property sold to a nonprofit entity, hospital established under chapter 36.62 RCW, or public hospital district established under chapter 70.44 RCW with an option to be repurchased by the seller cannot qualify for an exemption. This prohibition does not apply to:

(a) Limited equity cooperatives as defined in RCW 84.36.675; or

(b) Property sold to a nonprofit entity, as defined in RCW 84.36.560, by:

(i) A nonprofit as defined in RCW 84.36.800 that is exempt from income tax under section 501(c) of the federal Internal Revenue Code;

(ii) A governmental entity established under RCW 35.21.660, 35.21.670, or 35.21.730;

(iii) A housing authority created under RCW 35.82.030;

(iv) A housing authority meeting the definition of RCW 35.82.210 (2)(a); or

(v) A housing authority established under RCW 35.82.300.

(9) **Duty to produce financial records.** To determine whether a nonprofit entity is entitled to receive a property tax exemption under the provisions of chapter 84.36 RCW and before the exemption is renewed each year, the entity claiming exemption must submit a signed statement made under oath, with the department. This sworn statement must include a declaration that the income, receipts, and donations of the entity seeking the exemption have been used to pay the actual expenses incurred to maintain and operate the exempt facility or for its capital expenditures and to no other purpose. It must also include a statement listing the receipts and disbursements of the organization, association, or corporation. This statement must be made on a form prescribed and furnished by the department.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(a) The provisions of this subsection do not apply to an entity either applying for or receiving an exemption under RCW 84.36.020, 84.36.030, or 84.36.049.

(b) This signed statement must be submitted on or before March 31st each year by any entity currently receiving a tax exemption. If this statement is not received on or before March 31st, the department will remove the tax exemption from the property. However, the department will allow a reasonable extension of time for filing if the exempt entity has submitted a written request for an extension on or before the required filing date and for good cause.

(10) **Caretaker's residence.** If a nonprofit entity, hospital established under chapter 36.62 RCW, or public hospital district established under chapter 70.44 RCW exempt from property tax under chapter 84.36 RCW employs a caretaker to provide either security or maintenance services and the caretaker's residence is located on exempt property, the residence may qualify for exemption if the following conditions are met:

(a) The caretaker's duties include regular surveillance, patrolling the exempt property, and routine maintenance services;

(b) The nonprofit entity, hospital established under chapter 36.62 RCW, or the public hospital district established under chapter 70.44 RCW demonstrates the need for a caretaker at the facility;

(c) The size of the residence is reasonable and appropriate in light of the caretaker's duties and the size of the exempt property; and

(d) The caretaker receives the use of the residence as part of his or her compensation and does not pay rent. Reimbursement of utility expenses created by the caretaker's presence is not considered rent.

(11) **Nonexempt uses of property.** The use of property exempt under this chapter, other than as specifically authorized by this chapter, nullifies the exemption ((~~otherwise available for the property for the~~)) and the exemption is removed for the affected portion of the property for that assessment year. However, the exemption is not nullified by the use of the property by any individual, group, or entity, where such use is not otherwise authorized by this ((~~chapter, for not more than~~)) rule, and is permitted for up to 50 days in each calendar year((~~, and the property is not used for pecuniary gain or to promote business activities for more than 15 of the 50 days in each calendar year. The 50 and 15-day limitations do not include days for setup and takedown activities that take place immediately preceding or following a meeting or other event. If these requirements are not met, the exemption is removed for the affected portion of the property for that assessment year~~)). Within this 50-day allowance:

(a) Up to 15 days may be used for pecuniary gain or to promote business activities; and

(b) For property qualifying under RCW 84.36.037, regularly scheduled fundraising activities may occur for up to 50 days per year and are included within the 50-day allowance described in this subsection. Setup and takedown days immediately preceding or following a meeting or event do not count toward any day limit.

(12) **Farmers markets.** The 50 and 15-day limitations in subsection (11) of this rule do not apply to exempt property under RCW 84.36.037 if the property is used for activities related to a qualifying farmers market, for up to 53 days each calendar year, and all income received from the rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

exempt property, or exempt purposes. For purposes of this rule, "farmers market" has the same meaning as "qualifying farmers market" as defined in RCW 66.24.170.

(13) **Segregation of nonqualifying property.** Any portion of exempt property not meeting the qualifications of this rule will lose its exempt status. Nonqualifying property must be segregated from property used for exempt purposes. For example, if a portion of a building owned by a nonprofit hospital is rented to a sandwich shop, this portion of the hospital must be segregated from the remainder of the building that is being used for exempt hospital purposes. The portion of the building rented to the sandwich shop is subject to property tax.

AMENDATORY SECTION (Amending WSR 06-20-005, filed 9/21/06, effective 10/22/06)

WAC 458-16-180 Public burying grounds or cemeteries. (1) **Introduction.** This ((~~section~~)) rule explains the property tax exemption available under RCW 84.36.020 to public burying grounds or cemeteries.

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

(a) "Burial" means the placement of human remains in a grave.

(b) "Cemetery" means any one, or a combination of more than one, of the following in a place actually used, or to the extent actually used, for the placement of human remains and dedicated for cemetery purposes:

(i) A "burial park," for earth interments, that is a tract of land actually used for the burial of human remains in the ground;

(ii) A "mausoleum," for crypt interments, that is a building or structure for the entombment of human remains in crypts, which are spaces in which human remains are placed; and

(iii) A "columbarium," for permanent niche interments, that is a structure, room, or other space in a building or structure containing niches in which cremated human remains are placed.

(c) "Cremation" or "cremated" means the reduction of human remains to bone fragments in a crematory by means of incineration. The end products of cremation are "cremated human remains."

(d) "Crematory" means a building or area of a building that houses one or more cremation chambers actually used for the cremation of human remains.

(e) "Crematory and columbarium" means a building or structure containing both a crematory and a columbarium.

(f) "Crypt" means a space in a mausoleum for the placement of human remains.

(g) "Dedicated" means a written declaration dedicating the property exclusively as a public burying ground or for cemetery purposes was filed with the auditor of the county in which the property is located.

(h) "Entombment" means the placement of human remains in a crypt.

(i) "Grave" means a space of ground in a burial park actually used, or to the extent actually used, for burials.

(j) "Human remains" or "remains" means the body of a deceased person and includes cremated human remains.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(k) "Interment" means the placement of human remains in a cemetery.

(l) "Inurnment" or "inuring" means placing cremated human remains in a cemetery.

(m) "Necessary administration and maintenance" means those functions necessary to administer and maintain the cemetery or public burying grounds and the necessity of which would be nonexistent but for the presence of the cemetery or public burying grounds.

(n) "Public burying grounds" means places actually used and dedicated for the interment or inurnment of human remains, and also includes:

(i) An "abandoned cemetery," "historical cemetery," and "historic grave" as defined in chapter 68.60 RCW (see RCW 68.60.010);

(ii) Native Indian burial grounds and historic graves protected under chapter 27.44 RCW; and

(iii) Nonprofit cemeteries owned or operated by any recognized religious denomination or any of its churches that qualifies for a property tax exemption as a church under RCW 84.36.020.

(o) "Scattering garden" means a designated area in a cemetery for the scattering of cremated human remains in any lawful manner.

(3) **Exemption.** There are several types of public burying grounds or cemeteries that are exempt from property tax under RCW 84.36.020. Public burying grounds or cemeteries operated by both nonprofit and for profit organizations are eligible for this exemption. However, the exemption provided under RCW 84.36.020 does not apply to family burial grounds established under chapter 68.74 RCW. Even though Title 68 RCW mentions the exemption of cemeteries from taxation, that portion of the Revised Code of Washington relates generally to the operation of cemeteries. Qualification for an exemption from property taxation is controlled by the specific provisions of RCW 84.36.020. The following property is exempt from taxation when used without discrimination as to race, color, national origin, or ancestry:

(a) All lands actually used, or to the extent actually used, exclusively for public burying grounds or cemeteries.

(b) All buildings and personal property required for and actually used, or to the extent actually used, exclusively for the necessary administration and maintenance of public burying grounds or cemeteries. Buildings and personal property that may be exempt include an/a:

(i) Administration or office building;

(ii) Art and statuary, in place, that decorate or enhance the esthetics of the public burying ground or cemetery;

(iii) Burial park;

(iv) Columbarium;

(v) Grounds keeping or maintenance building;

(vi) Items used exclusively for the general upkeep and operation of the public burying ground or cemetery. These items may include, but are not limited to, lawn mowers, unlicensed mobile equipment, tools, machinery, office equipment, and equipment used to dig graves;

(vii) Mausoleum; and

(viii) Scattering garden.

(4) **Caretaker's on-site residence - Possibly exempt.** This exemption does not generally include a residential building. However, a caretaker's residence may be exempt if all of the following conditions are met:

(a) The caretaker's duties include regular surveillance and patrolling of the property;

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(b) The size of the residence is reasonable and appropriate in light of the caretaker's duties and the size of the exempt property;

(c) The presence of the caretaker, or the caretaker's substitute, is required on the premises at all hours the cemetery is closed or at least during times when vandalism or other damage is most likely to occur; and

(d) The caretaker receives the use of the residence as part of his or her compensation and does not pay rent. Reimbursement of utilities expenses created by the caretaker's presence will not be considered as rent.

(5) **What property is not exempt?** The exemption conferred by RCW 84.36.020 does not extend to the following:

(a) A chapel, funeral home, or mortuary in which funeral services are conducted;

(b) A crematory;

(c) Equipment and supplies of any funeral home or mortuary located on or adjacent to the exempt property of a public burying ground or cemetery;

(d) Statuary, grave markers, headstones, and other items for sale; and

(e) Items used to promote sales (i.e., samples or displays) of graves, urns, caskets, headstones, and other items generally sold in connection with a public burying ground, cemetery, funeral, cremation, grave, or burial site.

(6) **Applications and annual declarations.** Nonprofit cemetery corporations or associations are only required to file an initial application for exemption as described in WAC 458-16-110. For profit cemetery corporations or associations must file renewal applications and annual declarations as required by WAC 458-16-110.

AMENDATORY SECTION (Amending WSR 22-24-097, filed 12/6/22, effective 1/6/23)

WAC 458-16-300 Public meeting hall—Public meeting place—Community meeting hall. (1) **Introduction.** This rule explains the property tax exemption available under the provisions of RCW 84.36.037 for real and personal property owned by a nonprofit organization, association, or corporation and used exclusively as a public meeting hall, public meeting place, or community meeting hall.

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

(a) "Affiliate" means an association, organization, or corporation that is a branch, unit, chapter, or appendant body of the property owner.

(b) "Property" means real or personal property owned by a nonprofit organization, association, or corporation.

(c) "Public gathering" means a meeting or event in which attendance is not limited or restricted to only members of the organization, association, or corporation that owns the property or members of an affiliate. Refer to subsection (4) of this rule for examples of public gatherings.

(3) **Exemption.** Real and personal property owned by a nonprofit organization, association, or corporation and used exclusively as a

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

public assembly hall, public meeting place, or community meeting hall will be exempt from taxation under the following conditions:

(a) Exclusive use. The property is used exclusively for public gatherings and is available to any individual, organization, association, or corporation that may desire to use or rent the property. Membership in the organization, association, or corporation that owns the property or membership in an affiliate of the property owner cannot be a requirement or condition for those persons desiring to rent or use the property.

(i) Availability of property. To ensure the public is aware of the availability of the property, the property owner must provide written notification to the public that the property is available for use or rental. This written notification may include, but is not limited to, advertising in community newsletters or websites, on facility reader boards or signs, or in local newspapers. The property owner must make substantial and actual efforts to ensure that the public knows that the property is available for use or rental. Examples of substantial and actual efforts by the owner to ensure public awareness of the property availability can be found in subsection (4) of this rule.

(ii) Qualifying use of property. In a calendar year, the total number of hours used for public gatherings, as that term is defined in this rule, held at the property must exceed the total number of hours used for nonpublic gatherings held at the property, regardless of whether the owner, the owner's affiliate, or renter, hosted or benefited from the public gathering.

(b) Exemption for real property - Area. The area of real property exempt under this rule ((~~may not exceed one acre including~~)) includes the building(s), the land under the building(s), and any additional area needed for parking.

(c) Statement of availability and fees required. The owner of the property must prepare and make available upon request a schedule of fees, a policy on the availability of the facility, and any restrictions on the use of the facility. The owner may impose conditions or restrictions reasonably necessary to safeguard the property and to comply with the purposes of this exemption.

(d) Annual summary required. The owner must provide the department of revenue with a detailed summary containing the following information regarding the manner in which the exempt property was used during the preceding year:

(i) The name of the person, organization, association, or corporation that used the property;

(ii) The date(s) on which the property was used;

(iii) The purpose for which the property was used;

(iv) Whether the meeting or event was a public gathering;

(v) The duration of the meeting or event;

(vi) The methods used to advertise the availability of the property to the public;

(vii) The income derived from the rental of the property; and

(viii) The expenses incurred relating to the use of the property.

(4) **Examples.** Examples found in this rule identify a number of facts and then state a conclusion. These examples should be used only as a general guide. The tax results of other situations must be determined after a review of all facts and circumstances.

(a) Example 1. Prior to a member only meeting, a fraternal organization hosts a dinner at its facility that is open to nonmembers. The fraternal organization advertised the dinner on its website and reader

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

board, which clearly conveyed the public could attend. The dinner and the member only meeting are considered two separate events. The dinner is considered a public gathering because nonmembers are allowed to attend. However, the member only meeting following the dinner is not considered a public gathering.

(b) Example 2. A youth organization hosts a spaghetti feed at its facility to raise money for a camping trip. The organization advertised the spaghetti feed in the local newspaper, which stated nonmembers are allowed to attend. The spaghetti feed is considered a public gathering.

(c) Example 3. A youth organization has weekly club meetings at its facility. The weekly meetings are advertised on the organization's public website as being open for nonmembers to also attend. The weekly club meetings are considered public gatherings.

(d) Example 4. A member only organization allows its public assembly hall to be rented for weddings, receptions, reunions, funerals, and other special events. The organization advertises the availability of its facility for rental by the public in a community newsletter. There are no restrictions on who can rent the hall, so these events are considered public gatherings. However, if the ability to rent the hall is based on membership in the owning organization or membership in an affiliate of the owning organization, then the events would not be considered public gatherings.

(e) Example 5. A garden club offers horticultural workshops for a fee at its facility one day each month. The workshop is advertised in the community newsletter as being open to anyone who wants to attend. The workshops are considered public gatherings because members of the public can attend, even if registration and/or payment are required. Although a fee is charged, the monthly workshops offered by the garden club do not count towards the 15-day pecuniary gain limitation described in subsection (5)(a) of this rule because the fee only covers the materials and supplies necessary to conduct the workshop.

(f) Example 6. A member only organization rents a public assembly hall for its monthly board meetings. The board meetings are not open to the public. The organization that owns the facility advertises its availability to the public in the local newspaper. The two organizations are not affiliated with each other. Although the monthly board meetings are not open to the public, they are considered public gatherings for the purpose of this exemption because the rental of the facility is not being restricted to only members of the owning organization or to members of affiliates of the owning organization.

(5) **Use of property for pecuniary gain or to promote business activities.** If a public meeting hall, public meeting place, or community meeting hall exempt under subsection (3) of this rule is used for pecuniary gain or to promote business activities, the property tax exemption will be lost. However, the exemption will not be lost if:

(a) The rental or use of the property by any individual, group, or entity, where such rental or use is not otherwise authorized by this rule, ((~~for not more than~~)) is permitted for up to 50 days in each calendar year((~~, and the property is not used for pecuniary gain or to promote business activities for more than 15 of the 50 days in each calendar year. The 50 and 15-day limitations do not include days for setup and takedown activities preceding or following a meeting or event~~)). Within this 50-day allowance:

(i) Up to 15 days may be used for pecuniary gain or to promote business activities; and

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(ii) For property qualifying under RCW 84.36.037, regularly scheduled fundraising activities may occur for up to 50 days per year and are included within the 50-day allowance described in this subsection (5)(a). Setup and takedown days immediately preceding or following a meeting or event do not count toward any day limit;

(b) The rental or use of the property by any individual, group, or entity to conduct activities related to a qualifying farmers market for up to 53 days each calendar year. The 15-day and 50-day limitations provided in (a) of this subsection do not apply to the use of the property for pecuniary gain or for business activities if the property is used for activities related to a qualifying farmers market, and all income received from the rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or exempt purposes. For purposes of this rule, "qualifying farmers market" has the same meaning as "qualifying farmers market" as defined in RCW 66.24.170;

(c) In a county with a population of less than 20,000 people, the exempt property is used to promote the following business activities: Dance lessons; art classes; or music lessons. The rental income or donations, if any, must be reasonable and not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented; or

(d) All income received from the rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation expenses of the exempt property, or exempt purposes.

(6) **Additional requirements.** Any nonprofit organization, association, or corporation that applies for a property tax exemption under this rule must also comply with the provisions of WAC 458-16-165. WAC 458-16-165 provides additional conditions and requirements that must be satisfied to obtain a property tax exemption pursuant to RCW 84.36.037.

AMENDATORY SECTION (Amending WSR 22-24-097, filed 12/6/22, effective 1/6/23)

WAC 458-16-310 Community celebration facilities. (1) **Introduction.** This rule explains the property tax exemption available under the provisions of RCW 84.36.037 for real and personal property owned by a nonprofit organization, association, or corporation and used primarily for annual community celebration events.

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

(a) "Public gathering" has the same meaning as provided in WAC 458-16-300.

(b) "Property" has the same meaning as provided in WAC 458-16-300.

(3) **Exemption.** Real and personal property owned by a nonprofit organization, association, or corporation and used primarily for annual community celebration events may be exempt from taxation under the following conditions:

(a) Exemption for real property - Area. The area of real property to be exempt may not exceed 29 acres.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(b) Primary use. The property has been primarily used for annual community celebration events for at least 10 years.

(c) Essentially unimproved property. The property is essentially unimproved except for restroom facilities and covered shelters. A "covered shelter," for example, may consist of a covered area that is not enclosed but allows some protection from the elements or it may provide a sheltered eating area with or without a picnic table or outside grill, or both.

(d) Purpose. The purpose of the property is to provide a facility for an annual community celebration.

(e) Statement of availability and fees required. The owner of the property must prepare and make available upon request a schedule of fees, a policy on the availability of the facility, and any restrictions on the use of the facility. The owner may impose conditions and restrictions that are reasonably necessary to safeguard the property and to promote the purposes of this exemption.

(f) Annual summary required. The owner must annually provide the department of revenue with a detailed summary containing the following information regarding the manner in which the exempt property was used during the preceding year:

(i) The name of any person, organization, association, or corporation that used the property;

(ii) The date(s) on which the property was used;

(iii) The purpose for which the property was used;

(iv) The income derived from the rental of the property; and

(v) The expenses incurred relating to the use of the property.

(4) **Use of property for pecuniary gain or to promote business activities.** If a community celebration facility exempt under subsection (3) of this rule is used for pecuniary gain or to promote business activities, the property tax exemption will be lost. However, the exemption will not be lost if:

(a) The rental or use of the property by any individual, group, or entity, where such rental or use is not otherwise authorized by this rule, ((~~for not more than~~)) is permitted for up to 50 days in each calendar year((~~, and the property is not~~)). Within this 50-day allowance:

(i) Up to 15 days may be used for pecuniary gain or to promote business activities ((~~for more than 15 of the 50 days in each calendar year. The 50 and 15-day limitations do not include days for setup and takedown activities preceding or following a meeting or event~~)); and

(ii) For property qualifying under RCW 84.36.037, regularly scheduled fundraising activities may occur for up to 50 days per year and are included within the 50-day allowance described in this subsection (4)(a). Setup and takedown days immediately preceding or following a meeting or event do not count toward any day limit;

(b) The rental or use of the property by any individual, group, or entity, to conduct activities related to a qualifying farmers market for up to 53 days each calendar year. The 15-day and 50-day limitations provided in (a) of this subsection do not apply to the use of the property for pecuniary gain or for business activities if the property is used for activities related to a qualifying farmers market, and all income received from the rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or exempt purposes. For purposes of this rule, "qualifying farmers market" has the same meaning as "qualifying farmers market" as defined in RCW 66.24.170;

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

(c) In a county with a population of less than 20,000 people, the exempt property is used to promote the following business activities: Dance lessons; art classes; or music lessons. The rental income or donations, if any, must be reasonable and not exceed the maintenance and operation expenses attributable to the portion of the property loaned or rented; or

(d) All income received from the rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation expenses of the exempt property, or for exempt purposes.

(5) **Additional requirements.** Any nonprofit organization, association, or corporation that applies for a property tax exemption under this rule must also comply with the provisions of WAC 458-16-165. WAC 458-16-165 provides additional conditions and requirements that must be satisfied to obtain a property tax exemption pursuant to RCW 84.36.037.

DRAFT

This rule draft is being proposed under an expedited rule-making process that does not require the agency to hold public hearings.
Under no circumstances is this proposed rule to be used as a basis for determining tax liability or eligibility for a tax deduction, exemption, or credit.

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: None

Expedited Adoption - Which of the following criteria was used by the agency to file this notice:

☐ Relates only to internal governmental operations that are not subject to violation by a person;

☒ Adopts or incorporates by reference without material change federal statutes or regulations, Washington state statutes, rules of other Washington state agencies, shoreline master programs other than those programs governing shorelines of statewide significance, or, as referenced by Washington state law, national consensus codes that generally establish industry standards, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rule;

☐ Corrects typographical errors, make address or name changes, or clarify language of a rule without changing its effect;

☐ Content is explicitly and specifically dictated by statute;

☐ Have been the subject of negotiated rule making, pilot rule making, or some other process that involved substantial participation by interested parties before the development of the proposed rule; or

☐ Is being amended after a review under RCW 34.05.328.

Expedited Repeal - Which of the following criteria was used by the agency to file notice:

☐ The statute on which the rule is based has been repealed and has not been replaced by another statute providing statutory authority for the rule;

☐ The statute on which the rule is based has been declared unconstitutional by a court with jurisdiction, there is a final judgment, and no statute has been enacted to replace the unconstitutional statute;

☐ The rule is no longer necessary because of changed circumstances; or

☐ Other rules of the agency or of another agency govern the same activity as the rule, making the rule redundant.

Explanation of the reason the agency believes the expedited rule-making process is appropriate pursuant to RCW 34.05.353(4): The expedited rule-making process is applicable to these rule updates because the Department is incorporating changes resulting from 2026 legislation.

NOTICE

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO

Name: Leslie Mullin
Agency: Department of Revenue
Address: PO Box 47453, Olympia, WA 98504-7453
Phone: 360-534-1589
Fax: 360-534-1606
Email: LeslieMu@dor.wa.gov
Other:

BEGINNING (date/time) 10/5/2026/ 4 PM **AND RECEIVED BY** (date/time) 12/07/2026/ 8 AM

Date: 10/05/2026

Name: Perry Stern

Title: Rules Coordinator

Signature:

DRAFT