



# RULE-MAKING ORDER PERMANENT RULE ONLY

## CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

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STATE OF WASHINGTON  
FILED

DATE: June 21, 2019

TIME: 9:31 AM

WSR 19-14-012

**Agency:** Department of Revenue

**Effective date of rule:**

**Permanent Rules**

- 31 days after filing.  
 Other (specify) \_\_\_\_\_ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

- Yes  No If Yes, explain:

**Purpose:** WAC 458-16-340 is a new rule that explains the requirements for the property tax exemption under RCW 84.36.670 for real and personal property owned by a senior citizen organization that is used for the operation of a multipurpose senior citizen center.

**Citation of rules affected by this order:**

New: WAC 458-16-340 Multipurpose senior citizen centers  
Repealed:  
Amended:  
Suspended:

**Statutory authority for adoption: RCW 84.36.865**

**Other authority:**

**PERMANENT RULE (Including Expedited Rule Making)**

Adopted under notice filed as WSR 19-10-042 on April 26, 2019 (date).  
Describe any changes other than editing from proposed to adopted version: None

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting:

Name:  
Address:  
Phone:  
Fax:  
TTY:  
Email:  
Web site:

Other: This rule is not a significant legislative rule as defined by RCW 34.05.328.

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

Federal statute:	New	___	Amended	___	Repealed	___
Federal rules or standards:	New	___	Amended	___	Repealed	___
Recently enacted state statutes:	New	___	Amended	___	Repealed	___

**The number of sections adopted at the request of a nongovernmental entity:**

New	___	Amended	___	Repealed	___
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**The number of sections adopted on the agency's own initiative:**

New	<u>1</u>	Amended	___	Repealed	___
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	<u>1</u>	Amended	___	Repealed	___
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**The number of sections adopted using:**

Negotiated rule making:	New	___	Amended	___	Repealed	___
Pilot rule making:	New	___	Amended	___	Repealed	___
Other alternative rule making:	New	<u>1</u>	Amended	___	Repealed	___

**Date Adopted:** June 21, 2019

**Name:** Kevin Dixon

**Title:** Program Manager

**Signature:**



NEW SECTION

**WAC 458-16-340 Multipurpose senior citizen centers.** (1) **Introduction.** This rule explains the real and personal property tax exemption available under RCW 84.36.670 to persons who operate a multipurpose senior citizen center.

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

(a) "Assessment year" means the calendar year preceding the tax year in which real and personal property is listed and valued by the assessor.

(b) "Farmers market" means a regular assembly of vendors at a location for the main purpose of promoting the sale of agricultural products grown, raised, or produced in this state directly to the consumer.

(c) "Multipurpose senior citizen center" means a community facility that provides a broad spectrum of services to senior citizens, whether provided directly by the nonprofit senior citizen organization that owns the facility or by another person. These services may include health, social, nutritional, and educational services and recreational activities.

(d) "Senior citizen" means a person age sixty or older.

(e) "Senior citizen organization" means a private organization that:

(i) Has a mission, in whole or in part, to support senior citizens;

(ii) Is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code; and

(iii) Operates a multipurpose senior citizen center.

(f) "Tax year" means the year in which property taxes are due.

(g) "Thrift store" means a retail establishment that:

(i) Is operated by a senior citizen organization;

(ii) Is located on the same parcel of real property as the senior citizen organization's multipurpose senior citizen center, or on a contiguous parcel of real property; and

(iii) Sells goods including, but not limited to, donated goods, as part of the senior citizen organization's fund-raising efforts for the operation of its multipurpose senior citizen center and for the provision of services and activities for senior citizens. If the thrift store sells nondonated goods, its gross annual sales of nondonated goods cannot exceed ten percent of its total combined gross annual sales of all goods.

(3) **Exemption availability.**

(a) Qualifying uses of property. Both real property (which may be located on contiguous parcels) and personal property owned by a senior citizen organization are exempt from property tax if the property is used for the actual operation of a multipurpose senior citizen center (center). Additionally, the following activities may be conducted at the center:

(i) Loan or rental. The center may be loaned or rented for either for-profit or not-for-profit purposes, if the rent and donations received for the use of the center are reasonable and do not exceed the maintenance and operation expenses attributable to the portion of the center being loaned or rented.

(ii) Fund-raising events. The center may be used for fund-raising events and activities, including the operation of a farmers market or a thrift store.

(A) If the center is used to conduct fund-raising events and activities for the purpose of providing financial support for the center or for services and activities for senior citizens, then no restrictions apply to the type of organization conducting the fund-raising event or to the amount of rents or donations received.

(B) If the center is used to conduct fund-raising events and activities for purposes other than to support services and activities for senior citizens, then the fund-raising events and activities must be conducted by a nonprofit organization eligible for exemption under chapter 84.36 RCW. Additionally, the rent and donations received for the use of the center must be reasonable and cannot exceed the maintenance and operation expenses attributable to the portion of the center loaned or rented for the fund-raising event.

Example. A 501(c)(3) nonprofit organization formed with the mission to support senior citizens owns real property that is used for the operation of a multipurpose senior citizen center. The center offers a broad spectrum of health, fitness, and nutrition services for senior citizens on a weekly basis and operates a thrift store. The thrift store is located within the center, is open four days each week, and sells donated items as part of the organization's fund-raising efforts for the operation of the center. The center is also rented on weekends, for a reasonable fee that does not exceed the maintenance and operations expenses attributable to the rented property, to the public for events such as weddings and family reunions. Based on the information provided, the center would qualify for the property tax exemption.

(b) Nonqualifying use of property. A pattern of use of the property in a manner inconsistent with the purpose of this exemption nullifies the exemption. A pattern of use is presumed when there is a use inconsistent with the purpose of operating a multipurpose senior citizen center and that use is repeated in the same assessment year or in two or more successive years. An example of a nonqualifying use that would be considered inconsistent with the purpose of operating a senior citizen center would be a commercial bakery that is open to the public and leases space, on a regular and on-going basis, from the center.

(c) The center must be available to all regardless of race, color, religion, creed, gender, gender expression, national origin, ancestry, the presence of any sensory, mental, or physical disability, marital status, sexual orientation, or honorably discharged veteran or military status.

(d) This exemption is not subject to the provisions of RCW 84.36.805.

(4) **Application and renewal.** This exemption is available beginning with property taxes levied in the 2017 assessment year (for collection in the 2018 tax year) through the 2026 assessment year (for collection in the 2027 tax year). RCW 82.32.805(1).

(a) Initial application. In order to be considered timely, initial applications must be received on or before:

(i) March 31st for taxes to be collected in the following year;  
or

(ii) Within sixty days of either acquiring the property or converting the property to an exempt use, whichever is later.

(b) Retroactive application. Retroactive applications to claim the exemption for prior years will be accepted up to a maximum of three years from the date taxes were due on the property. The last day to file a retroactive application for this exemption is April 30, 2030, for taxes that were due in the 2027 tax year. The applicant must:

(i) Provide the department with acceptable proof that the property qualified for exemption during the pertinent assessment years; and

(ii) Pay the late filing penalties under RCW 84.36.825.

(c) Renewal application. After the department approves an initial or retroactive application, the exemption applies for one year and must be renewed by March 31st of each year to exempt the property from taxes due the following year. See WAC 458-16-110 *Applications—Who must file, initial applications, annual declarations, appeals, filing fees, penalties, and refunds*, for more information about procedures property owners must follow to apply for and renew property tax exemptions.

(5) **Loss of exemption.** If the property is used for a nonqualifying purpose, it is subject to property tax for the remaining part of the assessment year. See RCW 84.40.360.