

Approved February 19, 1986  
Date

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at  
Chairperson

11:00 a.m./~~p.m.~~ on Friday, February 14, 1986 in room 519-S of the Capitol.

All members were present except:  
Senator Bill Mulich (Excused)

Committee staff present:  
Tom Severn, Research Department  
Melinda Hanson, Research Department  
Don Hayward, Revisor's Office  
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee: None

Senator Karr moved that the minutes of the February 13, 1986 meeting be approved. Senator Hayden seconded the motion, and the motion carried.

S.B. 450 - Property tax exemption used for more than one exempt purpose

The Revisor explained a proposed amendment to the bill (Attachment 1). The amendment provides that property otherwise exempt from taxation shall not be denied exemption when (1) reimbursement for the use of such property for exempt purposes does not exceed the actual expense thereof or (2) fees for services provided in accordance with exempt purposes are based upon the ability to pay of the recipient of such services.

Senator Salisbury said it has been suggested that a portion of H.B. 2684 be amended into S.B. 450. H.B. 2684 concerns human services organizations, such as United Way agencies. The Revisor said he believes the amendment being considered would include most of these types of agencies. The Revisor and the Board of Tax Appeals agreed that the amendment includes the concept of S.B. 2695 (daycare centers located in churches). Upon a question by Senator Hayden, Chairman Kerr said that minutes showing committee intent regarding this bill and its amendments would be carefully drafted and that Committee members should review the minutes closely for accuracy before approval.

Senator Burke moved that the amendment be adopted (see Attachment 1). Senator Salisbury seconded the motion, and the motion carried.

There was discussion about the Supreme Court's narrow definition of "charitable". The Revisor said that S.B. 450 deals with a statutory exemption rather than a constitutional exemption. Senator Frey questioned whether a statutory exemption can be broader than a constitutional exemption. The Revisor answered that you can have exemptions in addition to the constitutional exemptions. Fred Weaver (Board of Tax Appeals) pointed out that the Board exists by statutory authority and is not empowered to make a judgment on the constitutionality of a statute. Chairman Kerr said that S.B. 450, as amended, is an attempt to statutorily define what has been the standard for property tax exemption for charitable organizations for the last several years.

Senator Karr moved that the bill, as amended, be recommended favorably for passage. Senator Montgomery seconded the motion, and the motion carried.

S.B. 471 - Exemption of farm machinery and equipment held as inventory from property taxation

Senator Hayden moved that the bill be amended to specify a sunset date for the end of 1988. Senator Thiessen seconded the motion, and the motion carried. Senator Frey moved that the bill, as amended, be recommended favorably for passage. Senator Montgomery seconded the motion, and the

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,  
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on February 14, 1986

motion carried. Senators Parrish and Salisbury requested that their "no" votes be recorded.

Meeting adjourned.



## Proposed Amendment to SB 450

On page 2, by striking all in lines 51 to 54, inclusive, and inserting the following "to property which would otherwise be exempt pursuant to this paragraph because an agency or organization is reimbursed for the provision of services accomplishing the purposes enumerated in this paragraph based upon the ability to pay by the recipient of such services, or is reimbursed for the actual expense of using such property for purposes enumerated in this paragraph."