

## **HB 2507 A STAFF MEASURE SUMMARY**

### **Joint Committee On Tax Expenditures**

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**Prepared By:** Beau Olen, Economist

**Meeting Dates:** 3/31

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#### **WHAT THE MEASURE DOES:**

Allows industry apprenticeship or training trust that is 501(c)(3) corporation to permit free, occasional usage of property by another 501(c)(3) corporation for purposes for which other corporation is granted 501(c)(3) status. Applies to tax years beginning on or after July 1, 2023. Takes effect on 91st day after sine die.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

Distinguishes between 501(c)(3) corporations that own the property or occasionally use it. Allows property being purchased by industry apprenticeship or training trust to be deemed actually and exclusively occupied and used in implementation or operation of apprenticeship or training program.

##### **BACKGROUND:**

Currently, property owned or being purchased by an industry apprenticeship or training trust is exempt from property tax if the trust is considered an organization exempt from federal income taxes under the federal Internal Revenue Code or other laws of the United States relating to federal income taxes and other conditions are met. The industry apprenticeship or training trust can lose its property tax exemption if allows other non-profit organizations to use the property.

With HB 2507-A, usage of the property by another 501(c)(3) corporation is limited to no more than seven consecutive days or a cumulative total of 30 days in any given property tax year.

Section 501(c)(3) is a portion of the U.S. Internal Revenue Code (IRC) and a specific tax category for non-profit organizations. Organizations that meet Section 501(c)(3) requirements are exempt from federal income tax. Only non-profit organizations that qualify for 501(c)(3) status can say that donations to them are tax deductible.