

House Bill 2507-A Informational

3/31/2023

Bill History

- In 2021, a similar bill, HB 2693, passed the house but did not pass the senate. HB 2693 allowed property of 501(c)(3), (4), (5) or (6) corporations to be deemed actually and exclusively occupied and used. A Senate amendment (-1) was proposed that limited the political activity of these corporations for the property to be deemed actually and exclusively occupied and used. The amendment also updated the definition of the Internal Revenue Code to account for recent amendments in effect.
- Compared to HB 2693, HB 2507 only allows property of 501(c)(3) corporations to be deemed actually and exclusively occupied and used. It also adds a property ownership requirement for the property to be deemed actually and exclusively occupied and used. The -1 amendment for HB 2507 changes the ownership requirement to be an “owned or purchased by” requirement, among other changes that distinguished between corporations that own the property or occasionally use it. The owned or purchased by requirement is consistent with current language specifying eligibility for the exemption. It also updates the definition of the Internal Revenue Code to account for recent amendments in effect.

Revenue Impact

- The current \$1.4 million revenue loss from this exemption in the 2021-23 biennium is attributable to thirty-seven properties in eight counties. This is the amount of revenue that local governments can expect to lose under current law.
- Absent the passage of this bill, apprenticeship or training trusts are unlikely to allow others to use their property if it violates the requirements of the exemption. This means that this legislation does not impact the number of properties that are exempt. Since there are no other changes to eligibility, property valuation, or tax rates, this measure is expected to generate no revenue impact. The anticipated effect of this legislation is that apprenticeship or training trusts may be more likely to permit occasional, non-profit usage of the property.
- Industries and occupations likely to benefit from this exemption include carpentry, electrical, masonry, plumbing, sheet metal, painting, mechanical, and machinist trades. In particular, the currently exempt industry apprenticeship or training trusts and the 501(c)(3) corporations that occasionally use their property will benefit.

Other Considerations

- This bill had a work session in the House Committee on Business and Labor on 1/23/2023 (vote count: 11-0-0-0), a public hearing in the House Committee on Revenue on 2/15/2023, and a work session in the House Committee on Revenue on 2/28/2023 (vote count: 5-0-2-0).
- There are currently no subsequent referrals to other committees.