

HB 2507 A STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 3/31, 4/7

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 91st day after sine die.

ISSUES DISCUSSED:

- Under current law, an exempt business loses its property tax exemption if it allows another organization to use its property, even for a charitable event such as a food drive.
- This exemption is for all real and personal property (or portion of the property) owned or being purchased by an industry apprenticeship or training trust.

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Currently, for property that is owned or being purchased by an industry apprenticeship or training trust to be exempt from property tax it must be an organization exempt from federal income tax under the federal Internal Revenue Code or other laws of the United States relating to federal income tax. The industry apprenticeship or training trust can lose its property tax exemption if it allows other organizations to use the property.

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

With this bill, usage of the property by another 501(c)(3) corporation is limited to no more than 7 consecutive days or a cumulative total of 30 days in any given property tax year.