

POLICY ON USE OF THE HALL FOR FUND-RAISING OR PECUNIARY GAIN (2014-1)
(Adopted 2/24/14)

1. **We will act to preserve Clinton Progressive Association's (CPA's) status as a non-profit organization (501.c.3).**
2. **We will take actions consistent with preserving Clinton Community Hall's exempt property taxation status as a public assembly hall or meeting place.** This requires us to follow the State of Washington regulations regarding *Non Profit organization property connected with operation of public assembly hall or meeting place* (RCW 84.36.037). The full text of this regulation is appended below. Consistent with this regulation, the following statements will govern our actions.
3. **We allow use of the hall for individuals, private organizations or groups (e.g., community club meetings, political forums, anniversary parties and the like) as long as they do not engage in activities for pecuniary gain.** If for pecuniary gain, see below.
4. **We allow use of the hall for CPA fund-raising events:** subject to the following conditions:
 - a. Any net income received by the CPA from fund-raising events must be used to maintain the operation of the exempt property or for other exempt purposes.
 - b. If the hall is used for fund-raising by, or in collaboration with, another non-profit organization, it is not considered a commercial use.
 - c. The CPA by itself or in collaboration with another non-profit entity may hire or contract with a business or an individual to provide services during a fund-raising event (e.g., a caterer). However, if a business or individual entity materially participates for pecuniary gain and remits 51% of its net profits to the non-profit organization, the use will not be considered a commercial use.
 - d. The CPA may rent the hall to a non-profit entity for fund-raising events if the entity has no for-profit vendors.
5. **We allow use of the hall for pecuniary gain (business activities) by either a private or public entity for up to 15 days per year.**
 - a. The CPA Board reserves the right to select among entities requesting Hall use for pecuniary gain, and to allocate the number of rentable days to each.
 - b. Preference will be given to Clinton area community-based organizations.
6. **We allow use of the hall for open or farmers' market-type activities subject to the above 15 day limit conditions.**

- Note that the CPA may allow the use of the Hall for purposes of operating a “**Qualifying Farmers Market**” for up to **53 days** each year. However, the requirements under RCW 84.36.037 for a “qualifying farmers market” must be met. Among them: 1) there must be at least 5 vendors who are farmers selling their own agricultural products, 2) proceeds from farmer sales must be greater than those of non-farmer vendors, 3) No vendor can sell imported items or second hand items or be a franchisee.

Interpretation: If the Clinton Thursday Market charges individuals a fee to participate, whether or not they remit 51% of their profits the event is considered a commercial enterprise subject to a 15 day limitation per year. If vendors are invited to participate but no fee is charged and they donate 51% to the sponsor, then it is NOT considered a commercial event.

Examples

- FOCL book sales: not subject to the 15 day limit because it is a non-profit entity and has no vendors.
- Rummage sales: Considered a pecuniary gain activity if vendors who rent tables to sell merchandise. (unless 51% of net profits are donated to the sponsoring non-profit entity).
- Holiday bazaars: Even if sponsored by a non-profit organization, they are subject to the 15 day limit UNLESS each vendor remits 51% of their net profits to the sponsor.

ADDENDUM:

RCW 84.36.037: Nonprofit organization property connected with operation of public assembly hall or meeting place. (Effective until Dec. 31, 2020.)

(1) Real or personal property owned by a nonprofit organization, association, or corporation in connection with the operation of a public assembly hall or meeting place is exempt from taxation. The area exempt under this section includes the building or buildings, the land under the buildings, and an additional area necessary for parking, not exceeding a total of one acre. When property for which exemption is sought is essentially unimproved except for restroom facilities and structures and this property has been used primarily for annual community celebration events for at least ten years, the exempt property shall not exceed twenty-nine acres.

(2) To qualify for this exemption the property must be used exclusively for public gatherings and must be available to all organizations or persons desiring to use the property, but the owner may impose conditions and restrictions which are necessary for the safekeeping of the property and promote the purposes of this exemption. Membership shall not be a prerequisite for the use of the property.

(3) The use of the property for pecuniary gain or for business activities, except as

provided in this section, nullifies the exemption otherwise available for the property for the assessment year. The exemption is not nullified by:

(a) The collection of rent or donations if all funds collected are used for capital improvements to the exempt property, maintenance and operation of the exempt property, or for exempt purposes.

(b) Fund-raising activities conducted by a nonprofit organization.

(c)(i) Except as provided in (c)(ii) of this subsection, the use of the property for pecuniary gain, for business activities for periods of not more than fifteen days each assessment year so long as all income received from rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or for exempt purposes.

(ii) The use of the property for pecuniary gain or for business activities if the property is used for activities related to a qualifying farmers market, as defined in RCW 66.24.170, for not more than fifty-three days each assessment year, and all income received from rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or exempt purposes.

(d) In a county with a population of less than twenty thousand, the use of the property to promote the following business activities: Dance lessons, art classes, or music lessons.

(e) An inadvertent use of the property in a manner inconsistent with the purpose for which exemption is granted, if the inadvertent use is not part of a pattern of use. A pattern of use is presumed when an inadvertent use is repeated in the same assessment year or in two or more successive assessment years.

(4) The department of revenue must narrowly construe this exemption.

[2010 c 186 § 1; 2006 c 305 § 3. Prior: 1998 c 311 § 19; 1998 c 189 § 1; 1997 c 298 § 1; 1993 c 327 § 1; 1987 c 505 § 80; 1981 c 141 § 2.]

Notes:

Application -- 2010 c 186: "This act applies to taxes levied for collection in 2011 through 2020." [2010 c 186 § 3.] Expiration date -- 2010 c 186: "This act expires December 31, 2020." [2010 c 186 § 4.] Applicability, construction -- 1981 c 141: See note following RCW 84.36.060.