

SENATE BILL REPORT

SB 5791

As of February 17, 1995

Title: An act relating to tax exemptions for nonprofit camps and nonprofit conference centers.

Brief Description: Providing tax exemptions for nonprofit camps and conferences.

Sponsors: Senators Snyder, Sheldon and Bauer.

Brief History:

Committee Activity: Ways & Means: 2/21/95.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Background: Nonprofit organizations are subject to the business and occupation (B&O) tax on their income and must collect sales taxes on their sales unless specifically exempt by statute. Exemption from federal income tax does not automatically provide an exemption for state taxes. Most nonprofit organizations pay B&O tax at the services rate of 2.09 percent. However, because of the \$420 per year B&O tax credit, nonprofit organizations with gross incomes below \$20,096 per year owe no B&O tax.

Summary of Bill: The B&O and sales tax do not apply to sales by an organization at a camp or conference center on property which is owned by a nonprofit community service organization, church, or youth organization and which is exempt from property tax: The following items and services are exempt from B&O and sales tax:

- (1) Lodging, conference and meeting rooms, camping facilities, parking, and similar licenses to use real property;
- (2) Food and meals; and
- (3) Books, tapes, and other products that are available exclusively to the participants at the camp, conference, or meeting and are not available to the public at large.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 1995.

Testimony For: The Department of Revenue has said that B&O and sales taxes are not due but auditors are now saying that we have to collect tax. The requirements are inconsistent and conflicting. This clarifies that these services are not subject to tax. These nonprofit

camps work with people in character building. We only service other nonprofit organizations.

Testimony Against: None.

Testified: Senator Snyder, prime sponsor (pro); Larry Hill, Seabeck Christian Conference (pro); John Welch, Crista Camps & Conferences (pro).