

SUBSTITUTE HOUSE BILL 1129

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Finance (originally sponsored by Representatives Schoesler, Brown, Mulliken, Sheahan, Robertson, Buck, Dyer, Delvin, Skinner, Cooke, McMorris, Talcott, Fuhrman, Brumsickle, Sheldon, Campbell, Boldt, Elliot, Koster, Chandler, Van Luven, K. Schmidt, L. Thomas, Casada, Carlson, Backlund, Basich, Huff, Mitchell, Kremen and Benton)

Read first time 02/24/95.

1 AN ACT Relating to tax exemptions for nonprofit organizations;
2 amending RCW 82.04.365, 82.04.366, and 82.08.02571; adding a new
3 section to chapter 82.08 RCW; creating a new section; providing an
4 effective date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 82.04.365 and 1979 ex.s. c 196 s 7 are each amended to
7 read as follows:

8 BAZAARS, RUMMAGE SALES, MEALS, AND LIBRARY SALES--BUSINESS AND
9 OCCUPATION TAX EXEMPTION. (1) This chapter does not apply to (~~amounts~~
10 ~~derived~~) the first thirty-five thousand dollars received in a calendar
11 year by a nonprofit organization as a result of conducting or
12 participating in a bazaar or rummage sale if:

13 (a) The organization does not conduct or participate in more than
14 (~~two~~) twelve bazaars or rummage sales per year; and

15 (b) Each bazaar or rummage sale does not extend over a period of
16 more than (~~two~~) five days(~~;~~ and

17 ~~(c) The gross income received by each organization from each bazaar~~
18 ~~or rummage sale does not exceed one thousand dollars~~)).

(2) This chapter does not apply to the first fifty thousand dollars received in a calendar year by a nonprofit organization as a result of meal-serving events for fund-raising purposes, if:

(a) Each meal-serving event occurs no more than one day every two weeks; or

(b) Each meal-serving event does not extend over a period of more than five days and is held no more frequently than three times per year.

(3) This chapter does not apply to the first thirty-five thousand dollars received in a calendar year by a nonprofit organization from sales of used books, used videos, used sound recordings, or similar used information products, if substantially all of the net proceeds from the sales are used to support a library as defined in RCW 27.12.010.

(4) For purposes of this section, "nonprofit organization" means an organization that meets all of the following criteria:

(a) The members, stockholders, officers, directors, or trustees of the organization do not receive any part of the organization's gross income, except as payment for services rendered;

(b) The compensation received by any person for services rendered to the organization does not exceed an amount reasonable under the circumstances; and

(c) The activities of the organization do not include a substantial amount of political activity, including but not limited to influencing legislation and participation in any campaign on behalf of any candidate for political office.

NEW SECTION. Sec. 2. A new section is added to chapter 82.08 RCW to read as follows:

BAZAARS, RUMMAGE SALES, MEALS, AND LIBRARY SALES--SALES TAX EXEMPTION. The tax levied by RCW 82.08.020 does not apply to a sale made by a nonprofit organization if the gross income from the sale is exempt under RCW 82.04.365.

Sec. 3. RCW 82.04.366 and 1991 c 51 s 1 are each amended to read as follows:

AUCTIONS--BUSINESS AND OCCUPATION TAX EXEMPTION. (1) This chapter does not apply to amounts received by a public benefit nonprofit

1 organization from sales at an auction that the organization conducts or
2 participates in, if:

3 (a) The organization does not conduct or participate in more than
4 ~~((one))~~ two auctions per year; and

5 (b) The auction does not extend over a period of more than ~~((two))~~
6 five days.

7 (2) As used in this section, "public benefit nonprofit
8 organization" means an organization exempt from tax under section
9 501(c)(3) of the federal internal revenue code, as in effect on January
10 1, 1991, or a subsequent date provided by the director by rule
11 consistent with the purpose of this section.

12 **Sec. 4.** RCW 82.08.02571 and 1991 c 51 s 2 are each amended to read
13 as follows:

14 AUCTIONS--SALES TAX EXEMPTION. (1) The tax levied by RCW 82.08.020
15 does not apply to sales made by a public benefit nonprofit organization
16 at an auction that the organization conducts or participates in, if:

17 (a) The organization does not conduct or participate in more than
18 ~~((one))~~ two auctions per year; and

19 (b) The auction does not extend over a period of more than ~~((two))~~
20 five days.

21 (2) As used in this section, "public benefit nonprofit
22 organization" means an organization exempt from tax under section
23 501(c)(3) of the federal internal revenue code, as in effect on January
24 1, 1991, or a subsequent date provided by the director by rule
25 consistent with the purpose of this section.

26 NEW SECTION. **Sec. 5.** CAPTIONS. Captions as used in this act
27 constitute no part of the law.

28 NEW SECTION. **Sec. 6.** EFFECTIVE DATE. This act is necessary for
29 the immediate preservation of the public peace, health, or safety, or
30 support of the state government and its existing public institutions,
31 and shall take effect July 1, 1995.

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