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SENATE BILL 5582

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State of Washington

54th Legislature

1995 Regular Session

By Senators Spanel, Sellar, McAuliffe, Hargrove, Loveland, Long, Winsley, Moyer and Haugen

Read first time 01/27/95. Referred to Committee on Ways & Means.

1 AN ACT Relating to tax status of child care providers and nonprofit  
2 organizations that provide services to children and families; amending  
3 RCW 82.04.339 and 82.04.431; adding a new section to chapter 82.04 RCW;  
4 providing an effective date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8 This chapter does not apply to nonprofit organizations in respect  
9 to amounts derived from provision of the following services:

- 10 (1) Child care resource and referral services;  
11 (2) Services related to the adoption of minor children; and  
12 (3) Child placement services, including recruitment and training of  
13 foster parents and care of orphans or foster children.

14 **Sec. 2.** RCW 82.04.339 and 1992 c 81 s 1 are each amended to read  
15 as follows:

16 This chapter shall not apply to amounts derived ((by a church that  
17 is exempt from property tax under RCW 84.36.020)) from the provision of  
18 care for children for periods of less than twenty-four hours.

1       **Sec. 3.** RCW 82.04.431 and 1986 c 261 s 6 are each amended to read  
2 as follows:

3       (1) For the purposes of RCW 82.04.4297, the term "health or social  
4 welfare organization" means an organization, including any community  
5 action council, which renders health or social welfare services as  
6 defined in subsection (2) of this section, which is a not-for-profit  
7 corporation under chapter 24.03 RCW and which is managed by a governing  
8 board of not less than eight individuals none of whom is a paid  
9 employee of the organization or which is a corporation sole under  
10 chapter 24.12 RCW. Health or social welfare organization does not  
11 include a corporation providing professional services as authorized in  
12 chapter 18.100 RCW. In addition a corporation in order to be exempt  
13 under RCW 82.04.4297 shall satisfy the following conditions:

14       (a) No part of its income may be paid directly or indirectly to its  
15 members, stockholders, officers, directors, or trustees except in the  
16 form of services rendered by the corporation in accordance with its  
17 purposes and bylaws;

18       (b) Salary or compensation paid to its officers and executives must  
19 be only for actual services rendered, and at levels comparable to the  
20 salary or compensation of like positions within the public service of  
21 the state;

22       (c) Assets of the corporation must be irrevocably dedicated to the  
23 activities for which the exemption is granted and, on the liquidation,  
24 dissolution, or abandonment by the corporation, may not inure directly  
25 or indirectly to the benefit of any member or individual except a  
26 nonprofit organization, association, or corporation which also would be  
27 entitled to the exemption;

28       (d) The corporation must be duly licensed or certified where  
29 licensing or certification is required by law or regulation;

30       (e) The amounts received qualifying for exemption must be used for  
31 the activities for which the exemption is granted;

32       (f) Services must be available regardless of race, color, national  
33 origin, or ancestry; and

34       (g) The director of revenue shall have access to its books in order  
35 to determine whether the corporation is exempt from taxes within the  
36 intent of RCW 82.04.4297 and this section.

37       (2) The term "health or social welfare services" includes and is  
38 limited to:

39       (a) Mental health, drug, or alcoholism counseling or treatment;

- 1 (b) Family counseling;
- 2 (c) Health care services;
- 3 (d) Therapeutic, diagnostic, rehabilitative, or restorative  
4 services for the care of the sick, aged, or physically,  
5 developmentally, or emotionally-disabled individuals;
- 6 (e) Activities which are for the purpose of preventing or  
7 ameliorating juvenile delinquency or child abuse, including  
8 recreational activities for those purposes;
- 9 (f) ~~((Care of orphans or foster children))~~ Family support services,  
10 including child care resource and referral, foster care, adoption  
11 services, and child placement services;
- 12 (g) ~~((Day care of children;~~  
13 ~~(h))~~ Employment development, training, and placement;
- 14 ~~((i))~~ (h) Legal services to the indigent;
- 15 ~~((j))~~ (i) Weatherization assistance or minor home repair for low-  
16 income homeowners or renters;
- 17 ~~((k))~~ (j) Assistance to low-income homeowners and renters to  
18 offset the cost of home heating energy, through direct benefits to  
19 eligible households or to fuel vendors on behalf of eligible  
20 households; and
- 21 ~~((l))~~ (k) Community services to low-income individuals, families,  
22 and groups, which are designed to have a measurable and potentially  
23 major impact on causes of poverty in communities of the state.

24 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
25 preservation of the public peace, health, or safety, or support of the  
26 state government and its existing public institutions, and shall take  
27 effect July 1, 1995.

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