

HOUSE BILL REPORT

ESB 6013

As Passed House:
June 30, 2015

Title: An act relating to providing use tax relief for individuals who support charitable activities.

Brief Description: Providing use tax relief for individuals who support charitable activities.

Sponsors: Senators Roach, Angel and Dammeier.

Brief History:

Committee Activity:

None.

Third Special Session

Floor Activity:

Passed House: 6/30/15, 97-1.

Brief Summary of Engrossed Bill

- Increase the use tax exemption amount for items purchased or received from an nonprofit organization or library from \$10,000 to \$12,000.
- Extends the expiration date for the exemption from 2017 to 2020.

Staff: Dominique Meyers (786-7150).

Background:

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service, when used in this state. The state, most cities, and all counties levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.1 percent, depending on the location.

Sales made by nonprofit organizations or libraries are exempt from the retail sales tax. However, individuals who purchase or receive as a prize, an article of tangible personal property from a nonprofit organization or library for a fundraising activity owe use tax on the

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value of the item if the property is worth \$10,000 or more but are exempt from the use tax for items valued less. This exemption is set to expire July 1, 2017.

Summary of Bill:

The use tax exemption for items purchased or received from a nonprofit organization or library is increased from \$10,000 to \$12,000. The expiration date for the exemption is extended from 2017 to 2020.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.