
HOUSE BILL 2655

State of Washington 64th Legislature 2016 Regular Session

By Representatives Stokesbary, Vick, MacEwen, Zeiger, and Magendanz

Read first time 01/18/16. Referred to Committee on Finance.

1 AN ACT Relating to the excise taxation of crowdfunding donations;
2 adding a new section to chapter 82.04 RCW; adding a new section to
3 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW;
4 creating new sections; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that crowdfunding
7 plays an increasingly vital role in the economy and in individual
8 communities, and that the global crowdfunding market will surpass
9 ninety billion dollars in the next ten years. The legislature further
10 finds that the current business and sales tax structure of Washington
11 state is an impediment to entrepreneurs, inventors, artists, and
12 private citizens seeking financial contributions to start new
13 businesses, develop new products, complete creative projects, and
14 achieve various goals. The legislature further finds that the current
15 tax structure treats crowdfunding campaigns differently depending on
16 their structure. It is the intent of the legislature to provide a
17 business tax exemption for crowdfunding donations and to improve the
18 sales tax structure as it applies to crowdfunding in order to
19 simplify the tax code, improve fairness, and promote economic growth.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
2 RCW to read as follows:

3 (1) Amounts received by a donee as a qualifying donation are
4 exempt from tax under this chapter.

5 (2) The exemption under this section does not apply to the person
6 receiving fees for the use of a crowdfunding web site owned or
7 operated by the person.

8 (3) The definitions in this subsection apply throughout this
9 section unless the context clearly requires otherwise.

10 (a) "Crowdfunding web site" means an online fundraising portal.

11 (b) "Donee" means a person fund-raising on a crowdfunding web
12 site.

13 (c) "Fund-raising" means soliciting or accepting donations to
14 start a new business or to raise funds for any other purpose.

15 (d) "Qualifying donation" means a contribution by a donor to a
16 donee through a crowdfunding web site. "Qualifying donation" includes
17 a contribution by a donor to a donee through a crowdfunding web site
18 where the donee provides a service or tangible personal property to
19 the donor in recognition of the donation, provided that (i) the value
20 of the service or tangible personal property does not exceed eighty
21 percent of the value of the contribution, and (ii) the service or
22 tangible personal property is not provided or sold in the donee's
23 regular course of business.

24 (e) "Reward" means any item or items, including services or
25 personal property, offered by the donee to the donor in recognition
26 of a donation. "Reward" does not include a thank you note or other
27 acknowledgment that has no significant value.

28 (4) Contributions that are not qualifying donations are not
29 eligible for the exemptions under this section or section 3 or 4 of
30 this act.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08
32 RCW to read as follows:

33 (1) The tax imposed by RCW 82.08.020 does not apply to a
34 qualifying donation exempt under section 2 of this act.

35 (2) The definitions in section 2 of this act apply to this
36 section.

37 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.12
38 RCW to read as follows:

1 (1) The tax imposed by RCW 82.12.020 does not apply to the use of
2 a service or personal property received in exchange for a qualifying
3 donation exempt under section 2 of this act.

4 (2) The definitions in section 2 of this act apply to this
5 section.

6 NEW SECTION. **Sec. 5.** RCW 82.32.805 and 82.32.808 do not apply
7 to this act.

8 NEW SECTION. **Sec. 6.** This act applies to qualifying donations
9 made on or after July 1, 2016.

10 NEW SECTION. **Sec. 7.** This act takes effect July 1, 2016.

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