AN ACT Relating to providing a retail sales and use tax exemption for qualified donations to the Washington excellence fund; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; creating new sections; and providing an expiration date.

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

NEW SECTION. Sec. 1. (1) This section is the tax preference performance statement for the tax preferences contained in sections 2 and 3, chapter . . ., Laws of 2018 (sections 2 and 3 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes these tax preferences as ones intended to provide tax relief for certain businesses or individuals, as indicated in RCW 82.32.808(2)(e).

(3) It is the legislature's specific public policy objectives to:

(a) Reduce the federal tax burden on individuals and businesses as the result of the annual cap on the deduction of state and local taxes on federal income tax returns enacted as part of the tax cuts and jobs act of 2017; and
(b) Remain competitive with other states that do not have a state sales tax for large capital purchases.

(4) If a review finds that at least five hundred thousand dollars in donations are made to the Washington excellence fund as the result of the tax relief from this tax preference, then the legislature intends to extend the expiration date of this tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

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

(1) A person making a donation to the Washington excellence fund must receive a state retail sales tax exemption in an amount equal to the monetary donation amount. The person may identify one of the state higher education loans or grant programs under Title 28B RCW to receive the donation. If the person does not identify a specific loan or grant program, the donation will be credited to the state need grant. The department must provide the person with a state retail sales tax exemption certificate.

(2) The state retail sales tax exemption may be used in whole or in part to reduce or eliminate the person's state tax liability under this chapter on purchases of taxable goods or services over one hundred fifty thousand dollars. In order to apply the state retail sales tax exemption, the person must provide the state sales tax exemption certificate to the seller at the time of purchase.

(3) A state retail sales tax exemption under this section expires five years after the date of issuance.

NEW SECTION.  Sec. 3.  A new section is added to chapter 82.12 RCW to read as follows:

(1) A person making a donation to the Washington excellence fund must receive a state use tax exemption in an amount equal to the monetary donation amount. The person may identify one of the state higher education loans or grant programs under Title 28B RCW to receive the donation. If the person does not identify a specific loan or grant program, the donation will be credited to the state need grant. The department must provide the person with a state use tax exemption certificate.
(2) The use tax exemption may be used in whole or in part to reduce or eliminate the person's state use tax liability under this chapter on purchases of taxable goods or services over one hundred fifty thousand dollars. In order to apply the state retail sales tax exemption, the person must provide the state sales tax exemption certificate to the seller at the time of purchase.

(3) A state use tax exemption under this section expires five years after issuance.

NEW SECTION. Sec. 4. The Washington excellence fund is created in the state treasury. All receipts from donations made pursuant to sections 2 and 3 of this act must be deposited in the account. The treasurer must create subaccounts for each state higher education loan and grant program under Title 28B RCW. The treasurer must credit each subaccount pursuant to the donor's choice of state higher education loan or grant program under sections 2 and 3 of this act. Moneys from the account may only be spent after appropriation. Expenditures from the account may be used only for state higher education loans or grant programs under Title 28B RCW.

NEW SECTION. Sec. 5. This act expires July 1, 2028.

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