
SENATE BILL 5196

State of Washington

54th Legislature

1995 Regular Session

By Senators Bauer, Owen, Winsley and McAuliffe; by request of Governor Lowry

Read first time 01/13/95. Referred to Committee on Higher Education.

1 AN ACT Relating to a business and occupation or public utility tax
2 credit for persons making contributions to public institutions of
3 higher education in this state; adding a new chapter to Title 82 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.** The legislature finds that providing
7 adequate educational opportunities for the state s citizens is
8 essential to the economic, intellectual, and social well-being of the
9 state and its people.

10 The legislature further finds that the people of the state have
11 made it clear that they support high-quality, affordable higher
12 education. As costs for higher education continue to grow, the demand
13 for financial aid by low and moderate-income residents who wish to
14 attend the state s institutions of higher education has also continued
15 to grow.

16 Therefore, it is the policy of the legislature to provide
17 incentives to increase the resources available for the state need-grant
18 program, the state work-study program, and other types of student
19 financial aid programs.

1 NEW SECTION. **Sec. 2.** Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout this
3 chapter.

4 (1) "Board" means the higher education coordinating board.

5 (2) "Contribution" means cash contributed directly to eligible
6 institutions of higher education.

7 (3) "Department" means the department of revenue.

8 (4) "Eligible institutions of higher education" means public
9 institutions of higher education as that term is defined in RCW
10 28B.10.016(4).

11 (5) "Financial aid" means aid provided to needy students in
12 accordance with guidelines adopted by the respective eligible
13 institutions for their use.

14 (6) "Need-grant aid" means aid provided to needy students as
15 authorized under chapter 28B.10 RCW.

16 (7) "Person" has the meaning given in RCW 82.04.030.

17 (8) "Work-study aid" means aid provided to needy students in order
18 to provide part-time employment opportunities.

19 NEW SECTION. **Sec. 3.** (1) There may be credited against the taxes
20 imposed under chapter 82.04 or 82.16 RCW an amount equal to the value
21 of contributions given by persons directly to eligible institutions of
22 higher education for the purposes of providing need-grant, work-study,
23 and other types of financial aid to undergraduate students.

24 (2) A credit allowed under this chapter may only be taken by a
25 person against tax liabilities incurred for the same calendar year that
26 the contribution is made. A credit is not allowed in excess of the
27 person's tax liability for that calendar year. A contribution made
28 before the effective date of this act may not be credited against any
29 tax liability under this chapter.

30 NEW SECTION. **Sec. 4.** (1) An eligible institution of higher
31 education shall use fifty percent of the amount of contributions
32 received under this chapter for the purpose of providing need-grant aid
33 as authorized under RCW 28B.10.800 through 28B.10.824. This amount
34 must be offset against any allocations made by the board to the
35 respective institution. An institution shall account for and report to
36 the board all contributions received under this chapter in order for
37 the board to perform this offset.

1 (2) An eligible institution of higher education shall use sixteen
2 and seven-tenths percent of the amount of contributions received under
3 this chapter for the purpose of providing work-study aid.

4 (3) An eligible institution of higher education shall use the
5 remaining amounts contributed under this chapter for the purpose of
6 providing financial aid. The institution may use amounts under this
7 subsection for additional need-grant aid, additional work-study aid, or
8 for other types of financial aid in accordance with guidelines
9 established by the individual institution for its use. However, no
10 amount used under this subsection for need-grant aid may be offset
11 against any allocations from the board.

12 (4) An eligible institution of higher education may only use
13 contributions received under this chapter for the assistance of
14 Washington residents as that term is defined in accordance with RCW
15 28B.15.015.

16 (5) An eligible institution of higher education may not receive
17 more than twenty million dollars per biennium under this chapter.

18 (6) The total amount of credits authorized under this chapter may
19 not exceed sixty million dollars in any biennium.

20 NEW SECTION. **Sec. 5.** (1) A person must reserve tax credits with
21 the board before making a contribution. The board shall set the
22 conditions and procedures governing the reservation and reports by
23 recipient institutions concerning the receipt of contributions under
24 this chapter.

25 (2) A person claiming a credit authorized under this chapter shall
26 sign an affidavit form prescribed by the department stating the amount
27 of the contribution and that the contribution is to be used as required
28 under section 4 of this act. The recipient institution shall verify
29 the information included in the affidavit, sign the affidavit, and send
30 a copy to the board for the purpose of monitoring the limitations set
31 forth in section 4 (5) and (6) of this act. The person shall include
32 the affidavit signed by the recipient institution with the person's tax
33 reporting information in order to claim the credits authorized under
34 this chapter.

35 (3) The state auditor shall ensure that all moneys are used as
36 required under section 4 of this act.

1 NEW SECTION. **Sec. 6.** For the purposes of this chapter, when a
2 gift is made by a person to a foundation, or other charitable gifting
3 conduit organization, associated with the person or with an eligible
4 institution of higher education and a subsequent gift of an equal
5 amount is made by the associated foundation, or other charitable
6 gifting conduit organization, to an eligible institution of higher
7 education, this is considered a contribution by the original person
8 giving the contribution, thereby entitling the person to the credits
9 authorized under this chapter. A foundation, or other charitable
10 gifting conduit organization, may not concurrently claim credit for the
11 same contribution. All amounts contributed in accordance with this
12 section must be distributed under section 4 of this act.

13 NEW SECTION. **Sec. 7.** Chapter 82.32 RCW applies to the
14 administration of this chapter.

15 NEW SECTION. **Sec. 8.** The department and the board may adopt such
16 rules as are necessary or desirable to carry out the purposes of this
17 chapter.

18 NEW SECTION. **Sec. 9.** If any provision of this act or its
19 application to any person or circumstance is held invalid, the
20 remainder of the act or the application of the provision to other
21 persons or circumstances is not affected.

22 NEW SECTION. **Sec. 10.** Sections 1 through 8 of this act shall
23 constitute a new chapter in Title 82 RCW

24 NEW SECTION. **Sec. 11.** 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.

--- END ---