

HOUSE BILL REPORT

HB 1268

As Reported by House Committee On: Local Government

Title: An act relating to donation of unclaimed personal property to nonprofit charitable organizations.

Brief Description: Authorizing donation of unclaimed personal property to nonprofit charitable organizations.

Sponsors: Representatives Goodman, Eddy, Ross, Curtis, Clibborn, Darneille, Hurst, Lovick, Simpson, Moeller, Kenney, Ericks, Rolfes and Springer.

Brief History:

Committee Activity:

Local Government: 1/23/07, 1/25/07 [DPS].

Brief Summary of Substitute Bill

- Allows the state patrol, county sheriffs, and local police agencies to donate any unclaimed personal property to nonprofit charitable organizations provided such property is used for the benefit of needy persons.
- Requires that nonprofit organizations authorized to receive unclaimed personal property from law enforcement agencies are qualified for 501(c)(3) tax exempt status.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Simpson, Chair; Eddy, Vice Chair; Curtis, Ranking Minority Member; Schindler, Assistant Ranking Minority Member; Ross, B. Sullivan and Takko.

Staff: Jessica Nowakowski (786-7291).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Washington law has an extensive statutory scheme regarding procedures for the treatment and disposal of lost and/or unclaimed personal property. These statutes include provisions regulating how police departments, county sheriffs, and the state patrol must dispose of such property. The regulations governing these law enforcement agencies are similar, each containing procedures for the disposition of unclaimed property that include:

- notice requirements to the owner, if the owner has been identified;
- sale of unclaimed property at auction;
- destruction of certain types of property (e.g., dangerous, illegal, or worthless items); and
- retention of the property by the law enforcement agency under certain circumstances.

State law allows an exception to these general rules for county sheriffs and local police departments regarding the disposition of unclaimed bicycles, tricycles, and toys. This exception allows these items to be donated to nonprofit charitable organizations. No exception exists with respect to such unclaimed items that are in the possession of the state patrol.

Nonprofit organizations that engage in charitable activities may apply for tax exemption under section 501(c)(3) of the Internal Revenue Code. To be tax-exempt under section 501(c)(3), an organization's earnings may not inure to any private shareholder or individual. In addition, the nonprofit must be organized and operated exclusively for purposes set forth in section 501(c)(3), may not attempt to influence legislation as a substantial part of its activities, or participate in any campaign activity for or against political candidates. Organizations eligible for 501(c)(3) status are commonly referred to as "charitable organizations."

Summary of Substitute Bill:

The state patrol, county sheriffs, and local police agencies may donate any unclaimed personal property to nonprofit charitable organizations provided such property is used for the benefit of needy persons. Nonprofit organizations authorized to receive unclaimed personal property from law enforcement agencies must be qualified for 501(c)(3) tax exempt status.

Substitute Bill Compared to Original Bill:

The substitute bill requires that nonprofit organizations that receive any unclaimed personal property from law enforcement agencies are qualified as a 501(c)(3) organization.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) This bill will allow law enforcement agencies greater ability to do their jobs more efficiently and benefit those in need. There is a lot of suitable unclaimed property that goes to waste and could benefit needy persons. The expansion of the donation exception allows each agency more discretion over what they can donate under law. This will create less storage, less overtime, and less waste at landfills. This bill will allow police agencies to serve the public in another way.

(Opposed) None.

Persons Testifying: Representative Goodman, prime sponsor; and Susan Holaday, Tukwila Police Department.

Persons Signed In To Testify But Not Testifying: None.