
SUBSTITUTE HOUSE BILL 2853

State of Washington 65th Legislature 2018 Regular Session

By House Finance (originally sponsored by Representative Morris)

READ FIRST TIME 02/06/18.

1 AN ACT Relating to providing a retail sales and use tax exemption
2 for qualified donations to the Washington excellence fund; adding a
3 new section to chapter 82.08 RCW; adding a new section to chapter
4 82.12 RCW; creating new sections; and providing an expiration date.

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

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

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

16 (3) It is the legislature's specific public policy objectives to:
17 (a) Reduce the federal tax burden on individuals and businesses
18 as the result of the annual cap on the deduction of state and local
19 taxes on federal income tax returns enacted as part of the tax cuts
20 and jobs act of 2017; and

1 (b) Remain competitive with other states that do not have a state
2 sales tax for large capital purchases.

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

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

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

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

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

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

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

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

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

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

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

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

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