

**WAC 458-16-215 Nonprofit organizations that solicit, collect, and distribute gifts, donations, or grants.** (1) **Introduction.** This section explains the property tax exemption available under RCW 84.36.550 to nonprofit organizations that solicit or collect gifts, donations, or grants to be distributed to other nonprofit organizations for character-building, benevolent, protective, or rehabilitative social services.

(2) **Definitions.** For purposes of this section, the following definitions apply:

(a) "Benevolent" refers to social services or programs that are directed at persons of all ages, that arise from or are prompted by motives of charity or a sense of benevolence, that are marked by a kindly disposition to promote the happiness and prosperity of others, by generosity in and pleasure at doing good works, or that are organized for the purpose of doing good. For example, a benevolent organization may provide a food bank, a soup kitchen, or counseling services at cost.

(b) "Gifts, donations, or grants" means only amounts that are given or received as outright gifts. Any amount, however designated, that is given or received in return for any goods, services, or other benefits will not be considered a "gift, donation, or grant" for the purposes of this rule. A "gift, donation, or grant" is an amount given or received without conditions, from detached and disinterested generosity, out of affection, respect, charity or like impulses and not because of any moral or legal duty or from the expectation of anticipated benefits. For example, the purchase of a "raffle ticket" or "bingo card" does not qualify as a "gift, donation, or grant" because the sponsor of the raffle or bingo game is selling a chance to win a prize and the participant is paying a portion of the purchase price of that prize and is receiving the chance to receive the prize or prizes in exchange for his or her payment.

(c) "Nonsectarian purpose" means a purpose that is not associated with or limited to a particular religious group.

(d) "Organization" includes associations and corporations.

(e) "Protective" refers to activities that are meant to cover, to guard, or to shield other persons from injury or destruction or to save others from financial loss. For example, a protective organization may provide housing for battered persons or for the developmentally disabled or may assist persons with behavioral problems by providing encouragement, support, and training.

(f) "Rehabilitative or rehabilitation" refers to activities designed to restore individuals to a former capacity, to a condition of health, or to useful or constructive activity. For example, a rehabilitative organization may assist persons to overcome alcohol or substance abuse, or to overcome the effects of a physical injury, stroke, or heart attack.

(g) "Social service" means programs designed to help people resolve problems, become more self-sufficient, prevent dependency, strengthen family relationships, and/or enhance the functioning of individuals in society. These services include, but are not limited to, programs in the general categories of:

(i) Socialization and development; and

(ii) Therapy, help, rehabilitation, and social protection.

(3) **Exemption.** The real and personal property owned by a nonprofit organization is exempt from taxation if the property is owned by a nonprofit organization and is used to solicit or collect gifts, donations, or grants for distribution to other nonprofit organizations,

associations, or corporations organized and conducted for nonsectarian purposes that provide character-building, benevolent, protective, or rehabilitative social services directed at persons of all ages. To qualify for this exemption, the nonprofit organization must meet all of the following conditions:

- (a) Organized and conducted for nonsectarian purposes;
- (b) Affiliated with a state or national organization that authorizes, approves, or sanctions volunteer charitable fund-raising organizations;
- (c) Qualified for exemption under section 501 (c)(3) of the federal Internal Revenue Code;
- (d) Governed by a volunteer board of directors;
- (e) Use the gifts, donations, and grants solicited or collected for character-building, benevolent, protective, or rehabilitative social services directed at persons of all ages or distribute the gifts, donations, or grants in accordance with (f) of this subsection;
- (f) Annually distribute gifts, donations, or grants to at least five other nonprofit organizations, associations, or corporations organized and conducted for nonsectarian purposes that provide character-building, benevolent, protective, or rehabilitative social services directed at persons of all ages.

(4) **Examples.**

(a) The United Way solicits and collects gifts, donations, and grants from numerous sources such as government employees, private businesses, and corporate sponsors. The gifts, donations, and grants received by the United Way are, in turn, distributed to other nonprofit organizations, associations, and corporations that provide character-building, benevolent, protective, or rehabilitative social services directed at persons of all ages. The United Way does not necessarily provide these social services itself but it does own property that is used to solicit and collect gifts, donations, and grants. The United Way would be entitled to receive this exemption if, in addition to owning and using the property to solicit and collect gifts, donations, and grants, it meets all of the conditions listed in subsection (3) of this section.

(b) A nonprofit organization owns real and personal property that is used for bingo games, pull-tabs, and food services to raise funds for the organization's charitable activities that are not conducted at this location. Even if the nonprofit organization in this case is organized for nonsectarian purposes, affiliated with a national organization that authorizes, approves, and sanctions volunteer charitable fund-raising organizations, classified as a section 501 (c)(3) organization with the Internal Revenue Service, and governed by a volunteer board of directors, the bingo facility would not be entitled to an exemption because this property is not used to solicit or collect gifts, donations, or grants because the purchase of a bingo card is not a "gift, donation, or grant" within the meaning of this rule.

(5) **Additional requirements.** Any organization or association that applies for a property tax exemption under this section must also comply with the provisions of WAC 458-16-165. WAC 458-16-165 sets forth additional conditions and requirements that must be complied with to obtain a property tax exemption pursuant to RCW 84.36.550.

[Statutory Authority: RCW 84.08.010 and 84.08.070. WSR 94-15-041, § 458-16-215, filed 7/14/94, effective 8/14/94.]