

# HOUSE BILL REPORT

## SB 6010

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*As Passed House  
March 3, 1992*

**Title:** An act relating to the exemption of church-provided day care from the business and occupation tax.

**Brief Description:** Exempting church day cares from the business and occupation tax.

**Sponsor(s):** Senators Bauer, Johnson, Craswell, L. Smith and Oke.

**Brief History:**

Reported by House Committee on:  
Revenue, February 27, 1992, DP;  
Passed House, March 3, 1992, 96-0.

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**HOUSE COMMITTEE ON  
REVENUE**

**Majority Report:** *Do pass.* Signed by 14 members: Representatives Wang, Chair; Fraser, Vice Chair; Brumsickle, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Carlson; Day; J. Kohl; Leonard; Morris; Morton; Rust; and Silver.

**Staff:** Robin Appleford (786-7093).

**Background:**

Nonprofit churches of recognized religious denominations are exempt from property taxes. In addition, churches are exempt from the business and occupation (B&O) tax on amounts received from many activities, including amounts received from contributions, donations, and certain fundraising events.

Privately operated kindergartens are exempt from B&O tax. The Department of Revenue has interpreted this exemption to include any kindergarten, nursery school, preschool, or day care center that cares for children below the first grade level. An organization caring for children of all ages must pay B&O tax at the 1.5 percent services rate on income received from children at or above the first grade level if taxable income exceeds \$1,000 per month.

The property tax does not apply to the real and personal property of nonprofit day care centers.

**Summary of Bill:** The B&O tax does not apply to amounts derived from child care for periods of less than 24 hours provided by a church that is exempt from property tax.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is enacted.

**Testimony For:** The bill should be enacted for the sake of church related day care centers that are trying to help working parents. Church day care centers are currently unaware of their tax liability, and the cost of enforcing current law would outweigh any revenue gain.

**Testimony Against:** None.

**Witnesses:** Senator Albert Bauer, Prime Sponsor (pro).