

SENATE BILL REPORT

SSB 6115

As Passed Senate, March 4, 2004

Title: An act relating to a use tax exemption for amusement and recreation services donated to or by nonprofit organizations or state or local governmental entities.

Brief Description: Providing a use tax exemption for amusement and recreation services donated to or by nonprofit organizations or state or local governmental entities.

Sponsors: Senate Committee on Government Operations & Elections (originally sponsored by Senators Roach, Parlette, Hewitt, Mulliken, Honeyford, Schmidt, Johnson, Stevens, Sheahan, Hale, Winsley, Oke, Deccio, Haugen, Swecker, Finkbeiner, T. Sheldon, Prentice, Rasmussen, Fairley, Fraser, Kline, Eide, McCaslin, Shin and Benton).

Brief History:

Committee Activity: Government Operations & Elections: 1/20/04 [DPS].

Ways & Means: 2/2/04 [DPS (GO)].

Passed Senate: 3/4/04, 45-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 6115 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Stevens, Vice Chair; Berkey, Horn, Kastama and McCaslin.

Staff: Diane Smith (786-7410)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6115 as recommended by Committee on Government Operations & Elections be substituted therefor, and the substitute bill do pass.

Signed by Senators Zarelli, Chair; Hewitt, Vice Chair; Parlette, Vice Chair; Carlson, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Pflug, Rasmussen, Regala, Roach, Sheahan, B. Sheldon and Winsley.

Staff: Catherine Suter (786-7442)

Background: For the privilege of using any article of tangible personal property in the state as a consumer, there is levied and collected a use tax. The use tax also applies to services and property acquired at a casual or isolated sale, among other things. The rate of the use tax is the same as that for the state sales tax. The state portion of that rate is 6.5 percent and applies to the value of the article used or the value of the service used by the taxpayer.

There are many exemptions to the use tax. One of these exemptions applies to nonprofit charitable organizations and to state and local governments that use tangible personal property that has been donated to them.

Summary of Bill: A use tax exemption is created for amusement and recreation services donated to nonprofit organizations or state or local governments. "Amusement and recreation services" are golf, pool, billiards, skating, bowling, ski lifts and tows, day trips for sightseeing purposes, and others, when provided to consumers.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For (Government Operations & Elections): The sport of golf instills the values of etiquette, rules and responsibility in high school children. Golf courses donate thousands of dollars worth of free use of their facilities for high school golfers to practice and play matches. Golf courses also donate to charitable causes by means of free use of their facilities and free rounds of golf. Without this use tax exemption, the paperwork to track the use tax would make these donations unfeasible. The Department of Revenue does not think the Legislature intended this application of the use tax, even though an audit found a discrepancy.

Testimony Against (Government Operations & Elections): None.

Testified (Government Operations & Elections): PRO: Paul Backman, NW Turfgrass Association, Western Washington Golf Assn.; Larry Gilhuli, USGA, Peninsula High School Golf Coach; Julie Sexton, DOR.

Testimony For (Ways & Means): This use tax has never been collected, so it isn't something that the state would feel as a loss. Donated services benefit junior golfing leagues, high school golf teams, and numerous charitable events. In addition, two-three USGA scholarships in WA would be lost every year without golf courses being able to host USGA junior tournaments. Golf teaches kids responsibility, etiquette, and rules, and donations of course time should be supported by this exemption.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Heather Hanson, Western WA Golf Superintendents and WA State Golf Association; Larry Gilhuly, high school golf coach.