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**SUBSTITUTE HOUSE BILL 1129**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Schoesler, Brown, Mulliken, Sheahan, Robertson, Buck, Dyer, Delvin, Skinner, Cooke, McMorris, Talcott, Fuhrman, Brumsickle, Sheldon, Campbell, Boldt, Elliot, Koster, Chandler, Van Luven, K. Schmidt, L. Thomas, Casada, Carlson, Backlund, Basich, Huff, Mitchell, Kremen and Benton)

Read first time 02/24/95.

1 AN ACT Relating to tax exemptions for nonprofit organizations;  
2 amending RCW 82.04.365, 82.04.366, and 82.08.02571; adding a new  
3 section to chapter 82.08 RCW; creating a new section; providing an  
4 effective date; and declaring an emergency.

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

6 **Sec. 1.** RCW 82.04.365 and 1979 ex.s. c 196 s 7 are each amended to  
7 read as follows:

8 BAZAARS, RUMMAGE SALES, MEALS, AND LIBRARY SALES--BUSINESS AND  
9 OCCUPATION TAX EXEMPTION. (1) This chapter does not apply to (~~amounts~~  
10 ~~derived~~) the first thirty-five thousand dollars received in a calendar  
11 year by a nonprofit organization as a result of conducting or  
12 participating in a bazaar or rummage sale if:

13 (a) The organization does not conduct or participate in more than  
14 (~~two~~) twelve bazaars or rummage sales per year; and

15 (b) Each bazaar or rummage sale does not extend over a period of  
16 more than (~~two~~) five days( ~~and~~

17 (~~The gross income received by each organization from each bazaar~~  
18 ~~or rummage sale does not exceed one thousand dollars)).~~

1       (2) This chapter does not apply to the first fifty thousand dollars  
2 received in a calendar year by a nonprofit organization as a result of  
3 meal-serving events for fund-raising purposes, if:

4       (a) Each meal-serving event occurs no more than one day every two  
5 weeks; or

6       (b) Each meal-serving event does not extend over a period of more  
7 than five days and is held no more frequently than three times per  
8 year.

9       (3) This chapter does not apply to the first thirty-five thousand  
10 dollars received in a calendar year by a nonprofit organization from  
11 sales of used books, used videos, used sound recordings, or similar  
12 used information products, if substantially all of the net proceeds  
13 from the sales are used to support a library as defined in RCW  
14 27.12.010.

15       (4) For purposes of this section, "nonprofit organization" means an  
16 organization that meets all of the following criteria:

17       (a) The members, stockholders, officers, directors, or trustees of  
18 the organization do not receive any part of the organization's gross  
19 income, except as payment for services rendered;

20       (b) The compensation received by any person for services rendered  
21 to the organization does not exceed an amount reasonable under the  
22 circumstances; and

23       (c) The activities of the organization do not include a substantial  
24 amount of political activity, including but not limited to influencing  
25 legislation and participation in any campaign on behalf of any  
26 candidate for political office.

27       NEW SECTION. Sec. 2. A new section is added to chapter 82.08 RCW  
28 to read as follows:

29       BAZAARS, RUMMAGE SALES, MEALS, AND LIBRARY SALES--SALES TAX  
30 EXEMPTION. The tax levied by RCW 82.08.020 does not apply to a sale  
31 made by a nonprofit organization if the gross income from the sale is  
32 exempt under RCW 82.04.365.

33       **Sec. 3.** RCW 82.04.366 and 1991 c 51 s 1 are each amended to read  
34 as follows:

35       AUCTIONS--BUSINESS AND OCCUPATION TAX EXEMPTION. (1) This chapter  
36 does not apply to amounts received by a public benefit nonprofit

1 organization from sales at an auction that the organization conducts or  
2 participates in, if:

3 (a) The organization does not conduct or participate in more than  
4 (~~one~~) two auctions per year; and

5 (b) The auction does not extend over a period of more than (~~two~~)  
6 five days.

7 (2) As used in this section, "public benefit nonprofit  
8 organization" means an organization exempt from tax under section  
9 501(c)(3) of the federal internal revenue code, as in effect on January  
10 1, 1991, or a subsequent date provided by the director by rule  
11 consistent with the purpose of this section.

12 **Sec. 4.** RCW 82.08.02571 and 1991 c 51 s 2 are each amended to read  
13 as follows:

14 AUCTIONS--SALES TAX EXEMPTION. (1) The tax levied by RCW 82.08.020  
15 does not apply to sales made by a public benefit nonprofit organization  
16 at an auction that the organization conducts or participates in, if:

17 (a) The organization does not conduct or participate in more than  
18 (~~one~~) two auctions per year; and

19 (b) The auction does not extend over a period of more than (~~two~~)  
20 five days.

21 (2) As used in this section, "public benefit nonprofit  
22 organization" means an organization exempt from tax under section  
23 501(c)(3) of the federal internal revenue code, as in effect on January  
24 1, 1991, or a subsequent date provided by the director by rule  
25 consistent with the purpose of this section.

26 NEW SECTION. **Sec. 5.** CAPTIONS. Captions as used in this act  
27 constitute no part of the law.

28 NEW SECTION. **Sec. 6.** EFFECTIVE DATE. This act is necessary for  
29 the immediate preservation of the public peace, health, or safety, or  
30 support of the state government and its existing public institutions,  
31 and shall take effect July 1, 1995.

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