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HOUSE BILL 1129

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State of Washington

54th Legislature

1995 Regular Session

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 01/13/95. Referred to Committee on Finance.

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, AND MEALS--BUSINESS AND OCCUPATION TAX  
9 EXEMPTION. (1) This chapter does not apply to amounts (~~derived~~)  
10 received by a nonprofit organization as a result of conducting or  
11 participating in a bazaar or rummage sale if:

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

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

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

18 (2) This chapter does not apply to amounts received by a nonprofit  
19 organization as a result of serving meals for fund-raising purposes, if

1 the meals are served no more frequently than once every two weeks and  
2 the gross income received by each organization from each meal-serving  
3 event does not exceed five thousand dollars.

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

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

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

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

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

18 BAZAARS, RUMMAGE SALES, AND MEALS--SALES TAX EXEMPTION. The tax  
19 levied by RCW 82.08.020 does not apply to sales made by a nonprofit  
20 organization if the gross income from the sales is exempt under RCW  
21 82.04.365.

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

24 AUCTIONS--BUSINESS AND OCCUPATION TAX EXEMPTION. (1) This chapter  
25 does not apply to amounts received by a public benefit nonprofit  
26 organization from sales at an auction that the organization conducts or  
27 participates in, if:

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

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

32 (2) As used in this section, "public benefit nonprofit  
33 organization" means an organization exempt from tax under section  
34 501(c)(3) of the federal internal revenue code, as in effect on January  
35 1, 1991, or a subsequent date provided by the director by rule  
36 consistent with the purpose of this section.

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

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

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

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

10       (2) As used in this section, "public benefit nonprofit  
11 organization" means an organization exempt from tax under section  
12 501(c)(3) of the federal internal revenue code, as in effect on January  
13 1, 1991, or a subsequent date provided by the director by rule  
14 consistent with the purpose of this section.

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

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

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