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**SUBSTITUTE HOUSE BILL 2253**

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**State of Washington**

**54th Legislature**

**1996 Regular Session**

**By** House Committee on Finance (originally sponsored by Representatives Schoesler, Sheldon, Dickerson, Pennington, Boldt, Carrell, Mulliken, Foreman, Reams, Hatfield, Chandler, Quall, Carlson, Thompson, McMorris and Cooke)

Read first time 01/30/96.

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

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

5 **Sec. 1.** RCW 82.04.365 and 1995 2nd sp.s. c 11 s 1 are each amended  
6 to read as follows:

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

12 (a) The organization does not conduct or participate in more than  
13 (~~two~~) twelve 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.

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

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

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

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

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

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

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

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

24       **Sec. 2.** RCW 82.04.366 and 1991 c 51 s 1 are each amended to read  
25 as follows:

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

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

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

34       (2) As used in this section, "public benefit nonprofit  
35 organization" means an organization exempt from tax under section  
36 501(c)(3) of the federal internal revenue code, as in effect on January  
37 1, 1991, or a subsequent date provided by the director by rule  
38 consistent with the purpose of this section.

1       **Sec. 3.** 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. 4.** CAPTIONS. Captions used in this act do not  
16 constitute part of the law.

17       NEW SECTION. **Sec. 5.** EFFECTIVE DATE. This act shall take effect  
18 July 1, 1996.

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