

FINAL BILL REPORT

SB 6010

C 81 L 92

SYNOPSIS AS ENACTED

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

SPONSORS: Senators Bauer, Johnson, Craswell, L. Smith and Oke

SENATE COMMITTEE ON WAYS & MEANS

HOUSE COMMITTEE ON REVENUE

BACKGROUND:

Nonprofit churches of recognized religious denominations are exempt from property taxes. In addition, these churches are exempt from the business and occupation tax on amounts received from many of their activities, including amounts received from contributions, donations, charges for privately operated kindergartens, bazaars, and rummage sales.

Amounts received from child day-care programs are subject to the state business and occupation tax at a rate of 1.5 percent if the gross income from the activity exceeds \$1,000 per month.

Although the number of churches offering day-care programs is unknown, many churches are apparently unaware of the tax liability with respect to day care. Presently no church pays any business and occupation tax.

SUMMARY:

The state business and occupation tax does not apply to amounts derived from the provision of care to children for periods of less than 24 hours by a church that is exempt from property tax.

VOTES ON FINAL PASSAGE:

Senate	40	4
House	96	0

EFFECTIVE: June 11, 1992