

# HOUSE BILL REPORT

## HB 1884

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As Passed House

March 17, 1993

**Title:** An act relating to nonprofit corporations providing credit services.

**Brief Description:** Exempting nonprofit organizations providing credit services from the business and occupation tax.

**Sponsors:** Representatives Holm, G. Fisher, Edmondson, Kremen and Rayburn.

**Brief History:**

Reported by House Committee on:  
Revenue, March 4, 1993, DP;  
Passed House, March 17, 1993, 93-4.

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### HOUSE COMMITTEE ON REVENUE

**Majority Report:** Do pass. Signed by 11 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Silver; and Van Luven.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Rust and Wang.

**Staff:** Bob Longman (786-7139).

**Background:** Nonprofit organizations pay Business and Occupation (B&O) tax unless specifically exempted by statute. Exemption from federal income tax does not automatically provide exemption from state taxes. Most nonprofits pay B&O tax at the services rate of 1.5 percent.

**Summary of Bill:** Nonprofit organizations that provide credit and debt education, counselling, and negotiation services are exempt from Business and Occupation tax.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** Financial resources for education would be lost if this bill does not pass. The amount of people whom these services are able to assist would be positively impacted by the passage of this bill. If this tax is imposed, the expense will be passed on to the debtors. These services have the unique role of being an advocate for the public.

**Testimony Against:** This bill would set a precedent for other organizations, who wholly or partially receive dues or donations in lieu of fees for services, to seek similar treatment.

**Witnesses:** Merry Ames, Peter Koshi, and Fred Morgan; Consumer Credit Counseling; Frank Moll, The Bon Marche, Bruce Spencer, Seafirst Bank; R.W. Sapowski, B.E.C.U.; Gary Dightman, Washington Credit Union League (all in favor); and Russ Brubaker, Department of Revenue (con).