

# FINAL BILL REPORT

## SSB 5355

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C 182 L 98

Synopsis as Enacted

**Brief Description:** Exempting certain property donated to charitable organizations.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Benton, Brown, Swecker, Finkbeiner, Patterson, Rossi and Winsley).

**Senate Committee on Ways & Means**

**House Committee on Finance**

**Background:** The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

The sales tax does not apply to tangible personal property purchased for the purpose of (1) resale in the regular course of business without intervening use, or (2) incorporating the property as an ingredient or component of real or personal property without intervening use when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating real or personal property of or for consumers. However, if the property is used by the purchaser rather than resold or incorporated into another item, the use tax is due.

Exempt from use tax are articles of tangible personal property acquired by gift if the donor has paid a sales or use tax on the property. Subsequent transfers, therefore, are subject to use tax. The use by nonprofit charitable organizations, the state, and local governmental entities of tangible personal property donated to them is also exempt from use tax.

**Summary:** An exemption from use tax is provided for the donation of tangible personal property without intervening use to a nonprofit charitable organization, or to the incorporation of tangible personal property without intervening use into real or personal property of or for a nonprofit charitable organization in the course of installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating the real or personal property for no charge. Also exempt is the subsequent use of the property by a person to whom personal property is donated or bailed by a nonprofit charitable organization, the state, or local government in furtherance of the purpose for which the property was originally donated.

**Votes on Final Passage:**

Senate	49	0
House	98	0

**Effective:** June 11, 1998