
SENATE BILL 6599

State of Washington

55th Legislature

1998 Regular Session

By Senators Benton, Spanel, Kohl and Oke; by request of Department of Revenue

Read first time 01/22/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to fund-raising activities; adding a new section to
2 chapter 82.04 RCW; adding a new section to chapter 82.08 RCW; creating
3 a new section; and repealing RCW 82.04.365, 82.04.366, 82.08.02571, and
4 82.08.02572.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that nonprofit
7 educational, charitable, religious, scientific, and social welfare
8 organizations provide many public benefits to the people of the state
9 of Washington. Therefore, the legislature finds that it is in the best
10 interests of the state of Washington to provide a limited excise tax
11 exemption for fund-raising activities for certain nonprofit
12 organizations.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04 RCW
14 to read as follows:

15 (1) This chapter does not apply to amounts received by nonprofit
16 organizations, as defined in subsection (2) of this section, for fund-
17 raising activities.

18 (2) As used in this section, a "nonprofit organization" means:

1 (a) An organization exempt from tax under section 501(c) (3), (4),
2 or (10) of the federal internal revenue code (26 U.S.C. Sec. 501(c)
3 (3), (4), or (10));

4 (b) A nonprofit organization that would qualify under (a) of this
5 subsection except that it is not organized as a nonprofit corporation;
6 or

7 (c) A nonprofit organization that means all of the following
8 criteria:

9 (i) The members, stockholders, officers, directors, or trustees of
10 the organization do not receive any part of the organization's gross
11 income, except as payment for services rendered;

12 (ii) The compensation received by any person for services rendered
13 to the organization does not exceed an amount reasonable under the
14 circumstances; and

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

19 (3) As used in this section, the term "fund-raising activity" means
20 both activities involving the direct solicitation of money or other
21 property and the anticipated exchange of goods or services for money
22 between the soliciting organization and the organization or person
23 solicited, for the purpose of furthering the goals of the nonprofit
24 organization. "Fund-raising activity" does not include the operation
25 of a regular place of business in which sales are made during regular
26 hours such as a bookstore, thrift shop, restaurant, or similar
27 business.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08 RCW
29 to read as follows:

30 The tax levied by RCW 82.08.020 does not apply to a sale made by a
31 nonprofit organization if the gross income from the sale is exempt
32 under section 2 of this act.

33 NEW SECTION. **Sec. 4.** The following acts or parts of acts are each
34 repealed:

35 (1) RCW 82.04.365 and 1995 2nd sp.s. c 11 s 1 & 1979 ex.s. c 196 s
36 7;

37 (2) RCW 82.04.366 and 1991 c 51 s 1;

- 1 (3) RCW 82.08.02571 and 1991 c 51 s 2; and
- 2 (4) RCW 82.08.02572 and 1995 2nd sp.s. c 11 s 2.

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