
SENATE BILL 5070

State of Washington

58th Legislature

2003 Regular Session

By Senator Zarelli

Read first time 01/14/2003. Referred to Committee on Ways & Means.

1 AN ACT Relating to modifying the qualification requirements for the
2 health and social welfare organization business and occupation tax
3 deduction; amending RCW 82.04.431; and creating a new section.

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

5 **Sec. 1.** RCW 82.04.431 and 1986 c 261 s 6 are each amended to read
6 as follows:

7 (1) For the purposes of RCW 82.04.4297, the term "health or social
8 welfare organization" means an organization, including any community
9 action council, which renders health or social welfare services as
10 defined in subsection (2) of this section, which is a not-for-profit
11 corporation under chapter 24.03 RCW and which is managed by a governing
12 board of not less than (~~eight~~) seven individuals none of whom is a
13 paid employee of the organization or which is a corporation sole under
14 chapter 24.12 RCW. Health or social welfare organization does not
15 include a corporation providing professional services as authorized in
16 chapter 18.100 RCW. In addition a corporation in order to be exempt
17 under RCW 82.04.4297 shall satisfy the following conditions:

18 (a) No part of its income may be paid directly or indirectly to its

1 members, stockholders, officers, directors, or trustees except in the
2 form of services rendered by the corporation in accordance with its
3 purposes and bylaws;

4 (b) Salary or compensation paid to its officers and executives must
5 be only for actual services rendered, and at levels comparable to the
6 salary or compensation of like positions within the public service of
7 the state;

8 (c) Assets of the corporation must be irrevocably dedicated to the
9 activities for which the exemption is granted and, on the liquidation,
10 dissolution, or abandonment by the corporation, may not inure directly
11 or indirectly to the benefit of any member or individual except a
12 nonprofit organization, association, or corporation which also would be
13 entitled to the exemption;

14 (d) The corporation must be duly licensed or certified where
15 licensing or certification is required by law or regulation;

16 (e) The amounts received qualifying for exemption must be used for
17 the activities for which the exemption is granted;

18 (f) Services must be available regardless of race, color, national
19 origin, or ancestry; and

20 (g) The director of revenue shall have access to its books in order
21 to determine whether the corporation is exempt from taxes within the
22 intent of RCW 82.04.4297 and this section.

23 (2) The term "health or social welfare services" includes and is
24 limited to:

25 (a) Mental health, drug, or alcoholism counseling or treatment;

26 (b) Family counseling;

27 (c) Health care services;

28 (d) Therapeutic, diagnostic, rehabilitative, or restorative
29 services for the care of the sick, aged, or physically,
30 developmentally, or emotionally-disabled individuals;

31 (e) Activities which are for the purpose of preventing or
32 ameliorating juvenile delinquency or child abuse, including
33 recreational activities for those purposes;

34 (f) Care of orphans or foster children;

35 (g) Day care of children;

36 (h) Employment development, training, and placement;

37 (i) Legal services to the indigent;

1 (j) Weatherization assistance or minor home repair for low-income
2 homeowners or renters;

3 (k) Assistance to low-income homeowners and renters to offset the
4 cost of home heating energy, through direct benefits to eligible
5 households or to fuel vendors on behalf of eligible households; and

6 (l) Community services to low-income individuals, families, and
7 groups, which are designed to have a measurable and potentially major
8 impact on causes of poverty in communities of the state.

9 NEW SECTION. **Sec. 2.** This act applies retroactively to July 1,
10 1996.

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