

SENATE BILL REPORT

SB 6013

As of March 26, 2015

Title: An act relating to providing use tax relief for individuals who support charitable activities.

Brief Description: Providing use tax relief for individuals who support charitable activities.

Sponsors: Senators Roach, Angel and Dammeier.

Brief History:

Committee Activity: Ways & Means: 3/25/15.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Juliana Roe (786-7438)

Background: Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use taxes apply to the value of property, digital product, or service when used in this state.

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state without any deduction for the costs of doing business.

Amounts received from fundraising activities by nonprofit organizations and libraries are exempt from the B&O tax. Similarly, sales made by nonprofit organizations or libraries are exempt from the sales tax. However, those who purchase or receive as a prize an article of personal property from a nonprofit organization or library for a fundraising activity owe use tax to the state if the article of personal property is worth \$10,000 or more. This exemption is set to expire July 1, 2017.

Summary of Bill: Those who purchase or receive as a prize an article of personal property from a nonprofit organization or library for a fundraising activity do not owe use tax, regardless of the value of the property. This tax exemption is permanent.

Appropriation: None.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This is something we worked on two years ago with the budget. This would pick up where we left off. It's been pretty effective so far. This bill would allow people to win a prize from a nonprofit and not have to pay use tax on their prize. The \$19,000 is budget dust, but not budget dust when it affects libraries and nonprofits.

Persons Testifying: PRO: Senator Roach, prime sponsor.

Persons Signed in to Testify But Not Testifying: No one.