

FINAL BILL REPORT

ESB 6013

C 32 L 15 E 3
Synopsis as Enacted

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

Sponsors: Senators Roach, Angel and Dammeier.

Senate Committee on Ways & Means

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: 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 for items that are valued at less than \$12,000. This tax exemption expires July 1, 2020.

Votes on Final Passage:

Third Special Session

Senate	42	2
House	97	1

Effective: October 9, 2015

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.