

HOUSE BILL REPORT

HB 1324

As Passed House
March 9, 1993

Title: An act relating to property tax exemptions for organizations distributing funds for character-building, benevolent, protective, or rehabilitative social services directed at persons of all ages.

Brief Description: Providing property tax exemptions for charitable fund-raising organizations.

Sponsors: Representatives Cothern, Wood, G. Cole, Horn, Wang, Brumsickle, Ogden, Miller, Leonard, Brough, J. Kohl, Ludwig, Dellwo, Kremen, Basich, Jones, Chappell, Shin, Johanson, Rayburn and Mielke.

Brief History:

Reported by House Committee on:
Revenue, February 24, 1993, DP;
Passed House, March 9, 1993, 94-1.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass. Signed by 14 members: Representatives G. Fisher, Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Cothern; Leonard; Morris; Romero; Rust; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Staff: Rick Peterson (786-7150).

Background: The property of nonprofit charitable organizations is generally exempt from property tax if the property is used for a charitable purpose. Some of the exempt nonprofit organizations provide character-building, benevolent, protective and rehabilitative social services.

Nonprofit organizations that raise money for nonprofit charitable organizations are not exempt from property tax.

Summary of Bill: The property of certain volunteer nonprofit charitable fund-raising organizations is exempt from property tax. To qualify for the exemption the organization must:

1. Be organized for nonsectarian purposes;

2. Be affiliated with a state or national organization;
3. Be an Internal Revenue Code section 501(c)(3) exemption;
4. Be governed by a volunteer board of directors; and
5. Distribute donations to at least five other nonprofit nonsectarian organizations that provide character-building, benevolent, protective, or rehabilitative social services for persons of all ages.

Fiscal Note: Available.

Effective Date: Effective for taxes to be collected in 1994 and thereafter.

Testimony For: This bill gives consistent treatment to the organizations that raise the money, which are not tax exempt, with the organizations that provide the social services, which are tax exempt. United Way raised over \$65 million that was distributed to over 800 organizations in Washington. Money will go to public services rather than taxes.

Testimony Against: None.

Witnesses: (All in favor): Rep. Barbara Cothorn, prime sponsor; Ron Gibbs, United Ways of Washington; and Emery Ivory, United Way of Pierce County.