

SENATE BILL REPORT

HB 1663

As of March 31, 1995

Title: An act relating to the application of use tax on donated property to nonprofit charitable organizations.

Brief Description: Concerning the taxation of property donated to a nonprofit entity.

Sponsors: Representatives Schoesler, Carlson, Brumsickle, Morris, Chopp, Tokuda, Dickerson, Campbell, Costa, Benton, Robertson, D. Schmidt, Thompson, Cooke, Mason and Dyer.

Brief History:

Committee Activity: Ways & Means: 4/3/95.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7715)

Background: The state sales tax is paid on each retail sale of most articles of tangible personal property and certain services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms, including purchases by mail order.

Exempt from use tax are articles of tangible personal property acquired by gift if the donor has paid a sales or use tax on the property. A few use tax exemptions exist for nonprofit organizations or government agencies such as: use of goods by the Red Cross, use of art objects by nonprofit artistic and cultural organizations, use of loaned driver-training vehicles by public and private schools, and use of donated computers by schools.

Summary of Bill: A use tax exemption is provided for the use by a nonprofit charitable organization, the state, or a local governmental entity of tangible personal property that is donated to the nonprofit charitable organization, the state, or local governmental entity.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.