

# SENATE BILL REPORT

## SB 5755

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As Passed Senate, March 9, 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:** Senators Loveland, Newhouse, Spanel, Rasmussen and Haugen.

**Brief History:**

**Committee Activity:** Ways & Means: 2/14/95, 2/28/95 [DP].  
Passed Senate, 3/9/95, 47-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Cantu, Drew, Finkbeiner, Fraser, Hochstatter, Johnson, Long, McDonald, Moyer, Quigley, Roach, Sheldon, Snyder, Spanel, Strannigan, Winsley and Wojahn.

**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. Computers and computer accessories and software donated to schools or colleges are also exempt from use tax.

**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.

**Testimony For:** Most nonprofits operate through donations of money and property. There is an added cost to verify that the donors have paid a tax. Donors usually have paid the tax and this amounts to double taxation. We should encourage donations.

**Testimony Against:** None.

**Testified:** Ralph Munro, Secretary of State (pro); Tom Rasmussen, Senior Services of Seattle/King County (pro); Sharon Foster, Council of Youth Agencies (pro).