

Nonprofit or Library Fundraising

JLARC Staff 2018 Tax Preference Performance Review

Use Tax

Estimated 2019-21 beneficiary savings: unknown

Preference provides tax relief by eliminating use tax on sales or prizes up to \$12,000



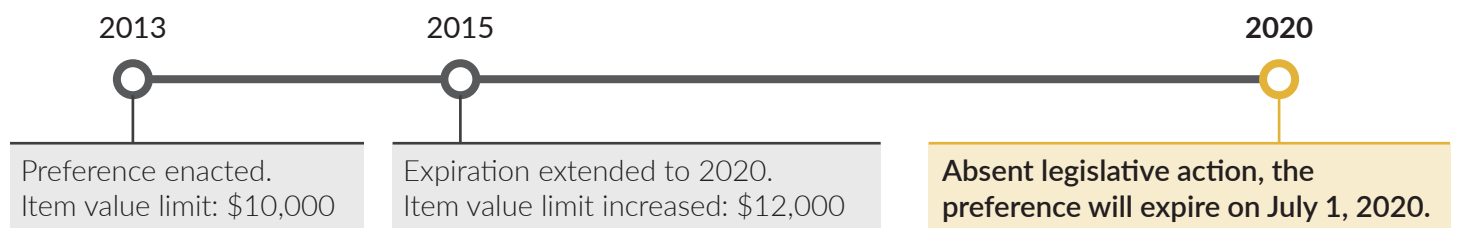
Use tax is collected when sales tax is not collected at the time of sale.

RCW 82.12.225

Qualifying fundraising activities or events must be:

- Intended to raise money to further the goals of a nonprofit or library
- Time-limited
- Exempt from paying B&O tax on event income

Value of exempted items has increased over time



- No data available to estimate fiscal impact.
- Beneficiaries are not required to report use of the preference.

Legislative Auditor's recommendation

Continue and clarify (structural purpose)

The preference is achieving its objective to provide tax relief. The Legislature should consider:

- Making the preference permanent.
- Adding a mechanism to allow the exempt value to increase over time.
- Recategorizing the preference as one intended to provide tax relief to certain individuals.

The complete report is on the JLARC web site.

For more information, contact: **Keenan Konopaski**, Washington State Legislative Auditor
keenan.konopaski@leg.wa.gov • (360) 786-5187

July 2018