

CHAPTER 140

[House Bill No. 212]

ARTISTIC OR CULTURAL ORGANIZATIONS—EXCISE TAX EXEMPTION

AN ACT Relating to excise taxation; adding new sections to chapter 82.04 RCW; adding a new section to chapter 82.08 RCW; and adding a new section to chapter 82.12 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. There is added to chapter 82.04 RCW a new section to read as follows:

In computing tax there may be deducted from the measure of tax amounts received from the United States or any instrumentality thereof or from the state of Washington or any municipal corporation or subdivision thereof as compensation for, or to support, artistic or cultural exhibitions, performances, or programs provided by an artistic or cultural organization for attendance or viewing by the general public.

NEW SECTION. Sec. 2. There is added to chapter 82.04 RCW a new section to read as follows:

In computing tax there may be deducted from the measure of tax by persons subject to payment of the tax on manufacturing under RCW 82.04.240, the value of articles to the extent manufacturing activities are undertaken by an artistic or cultural organization solely for the purpose of manufacturing articles for use by the organization in displaying art objects or presenting artistic or cultural exhibitions, performances, or programs for attendance or viewing by the general public.

NEW SECTION. Sec. 3. There is added to chapter 82.04 RCW a new section to read as follows:

In computing tax there may be deducted from the measure of tax amounts received by artistic or cultural organizations as tuition charges collected for the privilege of attending artistic or cultural education programs.

NEW SECTION. Sec. 4. There is added to chapter 82.08 RCW a new section to read as follows:

The tax levied by RCW 82.08.020 shall not apply to sales to artistic or cultural organizations of objects which are acquired for the purpose of exhibition or presentation to the general public if the objects are:

- (1) Objects of art;
- (2) Objects of cultural value;
- (3) Objects to be used in the creation of a work of art, other than tools;

or

(4) Objects to be used in displaying art objects or presenting artistic or cultural exhibitions or performances.

NEW SECTION. Sec. 5. There is added to chapter 82.12 RCW a new section to read as follows:

The provisions of this chapter shall not apply in respect to the use by artistic or cultural organizations of:

- (1) Objects of art;
- (2) Objects of cultural value;
- (3) Objects to be used in the creation of a work of art, other than tools;

or

(4) Objects to be used in displaying art objects or presenting artistic or cultural exhibitions or performances.

NEW SECTION. Sec. 6. There is added to chapter 82.04 RCW a new section to read as follows:

(1) For the purposes of sections 1, 2, 3, 4, and 5 of this act, the term "artistic or cultural organization" means an organization which is organized and operated exclusively for the purpose of providing artistic or cultural exhibitions, presentations, or performances or cultural or art education programs, as defined in subsection (2) of this section, for viewing or attendance by the general public. The organization must be a not-for-profit corporation under chapter 24.03 RCW and managed by a governing board of not less than eight individuals none of whom is a paid employee of the organization or by a corporation sole under chapter 24.12 RCW. In addition, to qualify for deduction or exemption from taxation under sections 1, 2, 3, 4, and 5 of this act, the corporation shall satisfy the following conditions:

(a) No part of its income may be paid directly or indirectly to its members, stockholders, officers, directors, or trustees except in the form of services rendered by the corporation in accordance with its purposes and bylaws;

(b) Salary or compensation paid to its officers and executives must be only for actual services rendered, and at levels comparable to the salary or compensation of like positions within the state;

(c) Assets of the corporation must be irrevocably dedicated to the activities for which the exemption is granted and, on the liquidation, dissolution, or abandonment by the corporation, may not inure directly or indirectly to the benefit of any member or individual except a nonprofit organization, association, or corporation which also would be entitled to the exemption;

(d) The corporation must be duly licensed or certified when licensing or certification is required by law or regulation;

(e) The amounts received that qualify for exemption must be used for the activities for which the exemption is granted;

(f) Services must be available regardless of race, color, national origin, or ancestry; and

(g) The director of revenue shall have access to its books in order to determine whether the corporation is exempt from taxes.

(2) The term "artistic or cultural exhibitions, presentations, or performances or cultural or art education programs" includes and is limited to:

(a) An exhibition or presentation of works of art or objects of cultural or historical significance, such as those commonly displayed in art or history museums;

(b) A musical or dramatic performance or series of performances; or

(c) An educational seminar or program, or series of such programs, offered by the organization to the general public on an artistic, cultural, or historical subject.

Passed the House April 25, 1981.

Passed the Senate April 26, 1981.

Approved by the Governor May 14, 1981.

Filed in Office of Secretary of State May 14, 1981.

CHAPTER 141

[House Bill No. 214]

NONPROFIT ORGANIZATIONS—ARTISTIC OR CULTURAL PRODUCTION FACILITIES, PUBLIC ASSEMBLY HALLS—PROPERTY TAX EXEMPTION

AN ACT Relating to property taxes; amending section 84.36.060, chapter 15, Laws of 1961 as amended by section 5, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.060; amending section 6, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.800; amending section 7, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.805; amending section 8, chapter 40, Laws of 1973 2nd ex. sess. as amended by section 1, chapter 209, Laws of 1977 ex. sess. and RCW 84.36.810; adding a new section to chapter 84.36 RCW; and creating a new section.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 84.36.060, chapter 15, Laws of 1961 as amended by section 5, chapter 40, Laws of 1973 2nd ex. sess. and RCW 84.36.060 are each amended to read as follows:

The following property shall be exempt from taxation:

All art, scientific, or historical collections of associations maintaining and exhibiting such collections for the benefit of the general public and not for profit, together with all real and personal property of such associations used exclusively for the safekeeping, maintaining and exhibiting of such collections; and all the real and personal property owned by or leased to associations engaged in the production and performance of musical, dance, artistic, dramatic, or literary works for the benefit of the general public and not for profit, which real and personal property is used exclusively for this production or performance: PROVIDED, That to qualify for this exemption an organization must be organized and operated exclusively for artistic, scientific, historical, literary, musical, dance, dramatic, or educational purposes and receive a substantial part of its support (exclusive of income received in the exercise or performance by such organization of its purpose or function)