
SUBSTITUTE HOUSE BILL 1593

State of Washington

54th Legislature

1995 Regular Session

By House Committee on Finance (originally sponsored by Representatives Boldt, Morris, Carrell, Sherstad, Kremen, Hargrove, Mastin and Kessler)

Read first time 03/06/95.

1 AN ACT Relating to tax status of child care providers and nonprofit
2 organizations that provide services to children and families; amending
3 RCW 82.04.339 and 82.04.431; adding a new section to chapter 82.04 RCW;
4 providing an effective date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.04 RCW
7 to read as follows:

8 This chapter does not apply to nonprofit organizations in respect
9 to amounts derived from provision of the following services:

- 10 (1) Child care resource and referral services;
11 (2) Services related to the adoption of minor children; and
12 (3) Child placement services, including recruitment and training of
13 foster parents and care of orphans or foster children.

14 **Sec. 2.** RCW 82.04.339 and 1992 c 81 s 1 are each amended to read
15 as follows:

16 This chapter shall not apply to amounts derived (~~(by a church that~~
17 ~~is exempt from property tax under RCW 84.36.020)) from the provision of
18 care for children for periods of less than twenty-four hours, except~~

1 that a for-profit provider is exempt only to the extent care is
2 provided for ten or fewer children.

3 **Sec. 3.** RCW 82.04.431 and 1986 c 261 s 6 are each amended to read
4 as follows:

5 (1) For the purposes of RCW 82.04.4297, the term "health or social
6 welfare organization" means an organization, including any community
7 action council, which renders health or social welfare services as
8 defined in subsection (2) of this section, which is a not-for-profit
9 corporation under chapter 24.03 RCW and which is managed by a governing
10 board of not less than eight individuals none of whom is a paid
11 employee of the organization or which is a corporation sole under
12 chapter 24.12 RCW. Health or social welfare organization does not
13 include a corporation providing professional services as authorized in
14 chapter 18.100 RCW. In addition a corporation in order to be exempt
15 under RCW 82.04.4297 shall satisfy the following conditions:

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

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

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

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

32 (e) The amounts received qualifying for exemption must be used for
33 the activities for which the exemption is granted;

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

36 (g) The director of revenue shall have access to its books in order
37 to determine whether the corporation is exempt from taxes within the
38 intent of RCW 82.04.4297 and this section.

1 (2) The term "health or social welfare services" includes and is
2 limited to:

3 (a) Mental health, drug, or alcoholism counseling or treatment;

4 (b) Family counseling;

5 (c) Health care services;

6 (d) Therapeutic, diagnostic, rehabilitative, or restorative
7 services for the care of the sick, aged, or physically,
8 developmentally, or emotionally-disabled individuals;

9 (e) Activities which are for the purpose of preventing or
10 ameliorating juvenile delinquency or child abuse, including
11 recreational activities for those purposes;

12 (f) ~~((Care of orphans or foster children))~~ Family support services,
13 including child care resource and referral, foster care, adoption
14 services, and child placement services;

15 (g) ~~((Day care of children;~~

16 ~~(h))~~ Employment development, training, and placement;

17 ~~((i))~~ (h) Legal services to the indigent;

18 ~~((j))~~ (i) Weatherization assistance or minor home repair for low-
19 income homeowners or renters;

20 ~~((k))~~ (j) Assistance to low-income homeowners and renters to
21 offset the cost of home heating energy, through direct benefits to
22 eligible households or to fuel vendors on behalf of eligible
23 households; and

24 ~~((l))~~ (k) Community services to low-income individuals, families,
25 and groups, which are designed to have a measurable and potentially
26 major impact on causes of poverty in communities of the state.

27 NEW SECTION. Sec. 4. This act is necessary for the immediate
28 preservation of the public peace, health, or safety, or support of the
29 state government and its existing public institutions, and shall take
30 effect July 1, 1995.

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