



WASHINGTON NONPROFITS

We make sure nonprofits have what they need to succeed.

February 2, 2018

TO: The Honorable Jeff Morris
436A Legislative Building
PO Box 40600
Olympia, WA 98504

CC: The Honorable Kristine Lytton
Chair, House Finance Committee
368 John L. O'Brien Building
PO Box 40600
Olympia, WA 98504

The Honorable Terry Nealey
Ranking Member, House Finance Committee
404 John L. O'Brien Building
PO Box 40600
Olympia, WA 98504

RE: HB 2853- Providing a retail sales and use tax exemption for qualified donations to the Washington excellence fund.

Dear Representative Morris,

On behalf of Washington Nonprofits' broad and diverse membership of community-serving nonprofit organizations, I am writing to convey our concerns regarding House Bill 2853. We believe that incentivizing charitable gifts and easing the burden caused by the new federal state and local tax (SALT) deduction cap are commendable public policy goals. However, we suspect that the precedent set by HB 2853 could create potential unintended consequences for nonprofit organizations in Washington State.

In brief, this legislation would set a precedent in which Washington's state government provides a state tax benefit for making donations to a state-sanctioned charitable entity as a means to reduce the burden caused by the SALT cap on certain taxpayers. We feel that this may have the potential to create future confusion over what constitutes a charitable gift in our state. Additionally, we have learned through discussion with our partners in the National Council of Nonprofits network that such maneuvers to circumvent the SALT cap may not withstand legal scrutiny as well as likely Internal Revenue Service regulations and congressional actions. Therefore, we feel that the issue merits additional study and dialogue while the IRS continues to issue implementation guidance on the new tax laws.

We would welcome a conversation to discuss the legislation and share our thoughts. Washington Nonprofits hopes to serve as a constructive resource in the design and implementation of state laws and regulations that impact nonprofit organizations. Please feel free to contact me or Washington Nonprofits' Director of Public Policy and Advocacy David Streeter to speak further about the proposed legislation and its impact.



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Sincerely,

Laura Pierce
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