
HOUSE BILL 1695

State of Washington

65th Legislature

2017 Regular Session

By Representatives Stokesbary, Springer, and Frame

1 AN ACT Relating to the excise taxation of crowdfunding donations;
2 adding a new section to chapter 82.04 RCW; adding a new section to
3 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW;
4 creating new sections; providing an effective date; and declaring an
5 emergency.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that crowdfunding
8 plays an increasingly vital role in the economy and in individual
9 communities, and that the global crowdfunding market will surpass
10 ninety billion dollars in the next ten years. The legislature further
11 finds that the current business and sales tax structure of Washington
12 state is an impediment to entrepreneurs, inventors, artists, and
13 private citizens seeking financial contributions to start new
14 businesses, develop new products, complete creative projects, and
15 achieve various goals. The legislature further finds that the current
16 tax structure treats crowdfunding campaigns differently depending on
17 their structure. It is the intent of the legislature to provide a
18 business tax exemption for crowdfunding donations and to improve the
19 sales tax structure as it applies to crowdfunding in order to
20 simplify the tax code, improve fairness, and promote economic growth.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.04
2 RCW to read as follows:

3 (1) Amounts received by a donee as a qualifying donation are
4 exempt from tax under this chapter.

5 (2) The exemption under this section does not apply to the person
6 receiving fees for the use of a crowdfunding web site owned or
7 operated by the person.

8 (3) The definitions in this subsection apply throughout this
9 section unless the context clearly requires otherwise.

10 (a) "Crowdfunding web site" means an online fundraising portal.

11 (b) "Donee" means a person fund-raising on a crowdfunding web
12 site.

13 (c) "Fund-raising" means soliciting or accepting donations to
14 start a new business or to raise funds for any other purpose.

15 (d) "Qualifying donation" means a contribution by a donor to a
16 donee through a crowdfunding web site. "Qualifying donation" includes
17 a contribution by a donor to a donee through a crowdfunding web site
18 where the donee provides a reward to the donor in recognition of the
19 donation, provided that (i) the value of the reward does not exceed
20 the lesser of five thousand dollars or seventy-five percent of the
21 value of the contribution, and (ii) the reward is not provided or
22 sold in the donee's regular course of business.

23 (e) "Reward" means any item or items, including services, digital
24 products, digital codes, or personal property, offered by the donee
25 to the donor in recognition of a donation. "Reward" does not include
26 a thank you note or other acknowledgment that has no significant
27 value.

28 (4) Contributions that are not qualifying donations are not
29 eligible for the exemptions under this section or section 3 or 4 of
30 this act.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08
32 RCW to read as follows:

33 (1) The tax imposed by RCW 82.08.020 does not apply to a
34 qualifying donation exempt under section 2 of this act.

35 (2) The definitions in section 2 of this act apply to this
36 section.

37 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.12
38 RCW to read as follows:

1 (1) The tax imposed by RCW 82.12.020 does not apply to the use of
2 a reward received or offered in exchange for a qualifying donation
3 exempt under section 2 of this act.

4 (2) The definitions in section 2 of this act apply to this
5 section.

6 NEW SECTION. **Sec. 5.** RCW 82.32.805 and 82.32.808 do not apply
7 to this act.

8 NEW SECTION. **Sec. 6.** This act applies to qualifying donations
9 made on or after July 1, 2017.

10 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
11 preservation of the public peace, health, or safety, or support of
12 the state government and its existing public institutions, and takes
13 effect July 1, 2017.

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