

SENATE BILL REPORT

SB 5352

As Reported By Senate Committee On:
Labor, Commerce & Trade, January 31, 1996

Title: An act relating to small business innovation research awards.

Brief Description: Exempting federal small business innovation research program distributions from business and occupation tax.

Sponsors: Senators Sheldon, Cantu, Rasmussen and Oke.

Brief History:

Committee Activity: Labor, Commerce & Trade: 1/26/95, 1/31/95 [DP]; 1/31/96 [DP].
Ways & Means: 2/14/95.

SENATE COMMITTEE ON LABOR, COMMERCE & TRADE

Majority Report: Do pass.

Signed by Senators Pelz, Chair; Heavey, Vice Chair; A. Anderson, Deccio, Franklin, Fraser, McDonald, Newhouse and Wojahn.

Staff: Jack Brummel (786-7428)

Background: The Department of Revenue assesses a business and occupation tax upon the funding received from federal government agencies under the federal Small Business Innovative Research (SBIR) program. Under this program, federal agencies allocate part of their research and development budgets to support research and development by small businesses in the private sector. This funding is often the only outside funding obtainable for a small business inventor. Washington is the only state to tax SBIR funding.

Summary of Bill: Federal Small Business Innovative Research program grants are exempt from the business and occupation tax assessment.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: We are the only state that taxes this grant. The tax discourages innovation.

Testimony Against: None.

Testified: Senator Sheldon, prime sponsor; Clyde Barlow, Barlow Scientific (pro).