

FINAL BILL REPORT

HB 1579

C 508 L 09
Synopsis as Enacted

Brief Description: Concerning a business and occupation tax exemption for nonprofit organizations that provide legal services to low-income individuals.

Sponsors: Representatives Appleton, Hasegawa and Nelson.

House Committee on Finance
Senate Committee on Ways & Means

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state without any deduction for the costs of doing business. Major tax rates are 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for services. Several lower rates also apply to specific business activities.

Specific B&O exemptions exist for several types of profit and nonprofit organizations. The eligibility conditions vary for each exemption. The term "exemption" is used broadly to include a wide variety of tax preference items, which reduces tax liability upon a certain class of taxpayers. It includes exclusions, deductions, preferential tax rates, deferrals, and credits.

Summary:

Nonprofit organizations that primarily provide legal services to low-income individuals at no charge are exempt from the business and occupation tax.

Votes on Final Passage:

House	62	35	
Senate	31	18	(Senate amended)
House	61	33	(House concurred)

Effective: July 26, 2009

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