

# SENATE BILL REPORT

## SB 5474

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As Reported by Senate Committee On:  
Economic Development, Trade & Innovation, February 09, 2009

**Title:** An act relating to providing tax incentives for contributions for research and technology development grants.

**Brief Description:** Providing tax incentives for contributions for research and technology development grants.

**Sponsors:** Senators Kastama, Kilmer and Shin.

**Brief History:**

**Committee Activity:** Economic Development, Trade & Innovation: 2/05/09, 2/09/09 [DP-WM].

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### SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

**Staff:** Philip Brady (786-7460)

**Background:** The Legislature established the WTC in 1983 to promote collaborative efforts between the state's universities, private industry, and government. It is headquartered at the University of Washington. It performs and commercializes research on a statewide basis to benefit the intermediate and long-term economic vitality of Washington, and develops and strengthens university-industry relationships through research important to Washington-based companies and state economic development programs.

The business and occupations tax (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. The tax is imposed on the gross receipts from all business activities conducted within the state.

Public and privately-owned utilities are subject to the state public utility tax (PUT), which is applied to the gross receipts of a utility.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:** A credit is allowed against the B&O tax and the PUT for contributions made to the Washington Technology Center for research and development grants. The credit is in the amount of the contribution. Credits may not exceed taxes due, but unused credit may be carried over. No refunds will be granted.

**Appropriation:** None.

**Fiscal Note:** Requested on January 23, 2009.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: This would entice more companies into working with universities, creating better results. These funds go to a competitive program for joint projects between businesses and researchers. The money really goes to the universities, rather than the WTC, and the bill greatly leverages R&D funds.

**Persons Testifying:** PRO: Lee Cheatham, Washington Technology Center; Lew McMurrin, Washington Technology Industries Association.