

HOUSE BILL REPORT

EHB 1450

*As Passed House
February 18, 1991*

Title: An act relating to a business and occupation tax credit for services and information provided to the State by a public safety testing laboratory.

Brief Description: Providing a business and occupation tax credit for services provided by a public safety testing lab.

Sponsor(s): Representatives Peery, H. Myers, Morris and Cooper.

Brief History:

Reported by House Committee on:
Revenue, February 5, 1991, DP;
Passed House February 18, 1991, 98-0.

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *Do pass.* Signed by 15 members: Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Appelwick; Belcher; Brumsickle; Day; Leonard; Morris; Morton; Phillips; Rust; Silver; and Van Luven.

Staff: Robin Appleford, (786-7093).

Background: Nonprofit organizations pay business and occupation (B&O) tax unless specifically exempted by statute. Exemption from federal income tax does not automatically provide exemption from state taxes. Most nonprofit organizations pay B&O tax at the services rate of 1.5 percent.

Summary of Bill: Nonprofit public safety testing corporations may receive a credit against their B&O tax liability. The credit is equal to the value of services and information related to setting of standards and testing for public safety provided to the State. The services must be provided without charge. To qualify for the credit, the corporation must:

1. Be organized and operated for the purpose of setting standards and testing for public safety;

2. Exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986; and
3. Be organized with no direct or indirect industry affiliation.

The credit may not exceed the amount of tax owed. Any unused credit may be carried forward a maximum of one year.

Fiscal Note: Requested February 1, 1991.

Effective Date: The bill takes effect July 1, 1991.

Testimony For: Underwriters Labs provides numerous free services to Washington's state and local governments. This bill would not create a precedent for other organizations because of the requirement that organizations submit documentation of the services they provide before they qualify for the credit.

Testimony Against: None.

Witnesses: Representative Peery; and Bob Schaeffer, Underwriters Labs (in favor).