

HOUSE BILL REPORT

HB 2433

As Reported By House Committee On:
Revenue

Title: An act relating to providing open government through unedited televised coverage of state government proceedings.

Brief Description: Providing open government through unedited televised coverage of state government proceedings.

Sponsors: Representatives Peery, Ballard, G. Fisher, Foreman, Linville, Pruitt, Wineberry, Silver, Van Luven, L. Johnson, Cooke, Dunshee, Horn, Appelwick, Thibaudeau, Forner, Wang, H. Myers, Romero, Fuhrman, Wood, Valle, Brumsickle, Mastin, Finkbeiner, Ballasiotes, Chandler, Brough, Morris, Lemmon, Ogden, Springer, Quall, Wolfe, McMorris, Moak, Dorn, Sheahan, Carlson, R. Fisher, Karahalios, Johanson, Campbell, Edmondson, Cothorn, Kessler, Basich, J. Kohl, Conway, Jones, Shin, Sheldon, King, Orr, Patterson, Eide, Dellwo, Rayburn, Roland and Anderson.

Brief History:

Reported by House Committee on:
Revenue, January 28, 1994, DPS.

HOUSE COMMITTEE ON REVENUE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Caver; Cothorn; Leonard; Romero; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Minority Report: Do not pass. Signed by 1 member: Representative Rust.

Staff: Bob Longman (786-7139).

Background: Washington's major business tax is the business and occupation (B&O) tax. This tax is imposed on the gross receipts of business activities conducted within the state. Although there are several different rates, the principal rates are:

Retailing activities	0.471 percent
Manufacturing, wholesaling & extracting	0.515 percent
Miscellaneous services	2.13 percent
Selected business services	2.5 percent

Since the B&O tax is a gross receipts tax, deductions for the costs of doing business are not permitted. Some other deductions are allowed, but most of these are really exemptions of certain types of gross income or business activities. Several types of charitable activities are exempt, although there are many more charitable activities that are exempt from federal income tax and not exempt from Washington's B&O tax. Noncharitable businesses are not permitted deductions or credits for contributions to charitable organizations.

Summary of Substitute Bill: A B&O tax credit is allowed equal to the amount of monetary contributions made to a public news organization. A credit must be taken in the same year as a contribution. The Department of Revenue must keep a running total of these credits and not allow the total for all businesses to exceed \$1.75 million during calendar year 1994. The department must adjust this limit annually according to changes in the consumer price index.

Gross receipts of public news organizations are exempt from B&O tax. Public news organization is defined as a public benefit nonprofit organization that exists solely to produce unedited televised coverage of state legislative proceedings and other proceedings of statewide significance. A public benefit nonprofit organization is defined as one that is exempt from federal income tax and is structured so that members, officers and other individuals cannot profit personally from the enterprise, other than compensation for services rendered.

The tax credit for contributions expires December 31, 2000. The gross receipts exemption for public news organizations does not expire.

Substitute Bill Compared to Original Bill: The substitute clarifies that the credit may be taken against tax liability in the year the donation is made.

Fiscal Note: Requested on substitute bill January 28, 1994.

Effective Date of Substitute Bill: The bill contains an emergency clause and takes effect immediately.

Testimony For: There is broad bipartisan support for this measure. Confidence will be restored in government through broader public access to meetings where issues are discussed

and debated. The measure has special significance for those outside the Puget Sound corridor. Democracy works best when people are involved. Not everyone can travel to Olympia. Decisions about programming will not be controlled by the Legislature but by a nonprofit organization independent of the Legislature. Television coverage of the Legislature will provide an important tool for the civic education of Washington's students. Televising proceedings from the over 500 boards and commissions will bring "sunlight" on these important meetings.

Testimony Against: None.

Witnesses: Representative Kim Peery, prime sponsor; Representative Clyde Ballard, sponsor; Senator Dean Sutherland (sponsor of similar measure in the Senate); Della Newman, Washington Public Affairs Network; Margaret Colony, State League of Women Voters; Joyce Turner, Washington Public Affairs Network; Jim Bailey, Wenatchee High School; Erin Dziedzic, Liberty High School; and Dennis Heck, Washington Public Affairs Network.