

FINAL BILL REPORT

SHB 2235

PARTIAL VETO

C 112 L 94

Brief Description: Clarifying the business and occupation tax on periodicals and magazines.

By House Committee on Revenue (originally sponsored by Representatives Cothern, Foreman, Thibaudeau, J. Kohl, L. Johnson, Ogden, Rust, Chappell, Van Luven, Brough, Brown and Cooke).

House Committee on Revenue
Senate Committee on Ways & Means

Background: Washington's major business tax is the Business and Occupation (B&O) tax. This tax is imposed on the gross receipts received by a business. Although there are several different B&O tax rates, the rates for most businesses range from 0.471 percent to 2.5 percent.

Before July 1993, publishers of newspapers, magazines and periodicals paid B&O tax at a rate of 0.484 percent of gross income. Legislation enacted in 1993 restricted this special rate to newspaper publishers. As a result, the rate for other types of publishers was increased to 2.13 percent. The rate for newspaper publishers was raised to 0.515 percent.

Cities and towns have general licensing powers that include the power to impose a fee or tax for the privilege of doing business within the city or town. These fees and taxes are often called "business and occupation taxes" and are often based on gross receipts.

Summary: The Business and Occupation tax rate for publishers of periodicals or magazines is reduced from 2.13 percent to 0.515 percent. "Periodical or magazine" means a printed publication, other than a newspaper, issued regularly at stated intervals at least once every three months, including any supplement or special edition of the publication.

Juvenile newspaper carriers are exempt from state business and occupation taxes. They are also exempt from city and town licensing requirements. Persons employing juvenile newscarriers must notify each carrier that the exemptions will expire when the carrier reaches 18 years of age.

Votes on Final Passage:

House	87	0	
Senate	48	0	(Senate amended)
House	95	0	(House concurred)

Effective: June 9, 1994

Partial Veto Summary: The veto removes the sections that exempt juvenile newspaper carriers from state business and occupation taxes. The veto also removes the section that requires employers to notify carriers that the exemption will expire when the carrier reaches 18 years of age.