

SENATE BILL REPORT

SHB 2433

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 28, 1994

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

SPONSORS: House Committee on Revenue (originally sponsored by 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)

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Bauer, Bluechel, Gaspard, Hargrove, Ludwig, McDonald, Niemi, Owen, L. Smith, Spanel, Sutherland, Talmadge and Williams.

Staff: Terry Wilson (786-7715)

Hearing Dates: February 22, 1994; February 28, 1994

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%
Manufacturing, wholesaling & extracting	0.515%
Miscellaneous services	2.13%
Selected business services	2.5%

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. Non-charitable businesses are not permitted deductions or credits for contributions to charitable organizations.

SUMMARY:

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.

SUMMARY OF PROPOSED STRIKING AMENDMENT:

The State Treasurer is required to create an escrow account to fund the televising of unedited, gavel-to-gavel coverage of state government deliberations and other public policy events of statewide significance and to pay the direct costs of producing interactive hearings over the Washington interactive teleconferencing system. Expenditures for the former is limited to \$1,750,000 in the first year, increasing 3 percent per year. Expenditures for the latter is limited to \$50,000 per year.

The Office of Financial Management shall choose a nonprofit organization to provide the televised coverage by May 2, 1994. The nonprofit organization must be organized solely for the purpose of providing unedited, gavel-to-gavel coverage of state government deliberations and other public policy events of statewide significance and be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Interested organizations must submit a four-year financial plan, a feasibility plan, and an engineering plan to the office. Beginning in January 1995, the selected organization must provide an annual independent audit, an annual financial statement, an annual report, and operational benchmarks. The initial selection shall be for four years. The selection process is to be reopened by December 31, 1998.

Placement and operation of equipment is subject to agreement of the nonprofit organization and the respective houses of the Legislature. The initial terms and conditions and any changes must be ratified by two-thirds vote of each house by concurrent resolution.

The sum of \$6,600,000 is appropriated to the State Treasurer for the purposes of the bill.

Appropriation: \$6,600,000

Revenue: none

Fiscal Note: available

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

TESTIMONY FOR:

There has been a decline in TV coverage of the Legislature. This will help constituents know what is going on and give them more confidence in the system. It will give them a better understanding of how government works and what the issues are.

TESTIMONY AGAINST: None

TESTIFIED: Representative Ballard, prime sponsor (pro); Ralph Munro, Secretary of State (pro); Rob Glaser, Denny Heck, Margaret Colony, WA Public Affairs Network Board (pro)