

**FINAL BILL REPORT**

**SSB 6558**

**C 43 L 94**

**SYNOPSIS AS ENACTED**

**Brief Description:** Modifying the excise taxation of sales of airplanes to the United States government.

**SPONSORS:** Senate Committee on Ways & Means (originally sponsored by Senator Gaspard; by request of Department of Revenue)

**SENATE COMMITTEE ON WAYS & MEANS**

**HOUSE COMMITTEE ON REVENUE**

**BACKGROUND:**

Washington's major business tax is the business and occupation (B&O) tax. This tax is levied on the gross receipts of all business activities conducted within the state without any deduction for the costs of doing business. The tax pyramids at each level of production (e.g. manufacturing, wholesaling, and retailing).

If a parent corporation has paid B&O tax on sales to its wholly owned subsidiary of airplanes, locomotives, railroad cars, or watercraft, for use in interstate or foreign commerce, the sale of this equipment by the subsidiary is exempt from B&O tax.

**SUMMARY:**

The B&O tax exemption for sales of transportation equipment by wholly owned subsidiaries is extended to sales of airplanes to the United States government.

**VOTES ON FINAL PASSAGE:**

Senate	47	0
House	96	0

**EFFECTIVE:** June 9, 1994