

1 **HB 2089** - H AMD to AMD (H2954.1) **845 ADOPTED 4/13/95**

2 By Representative B. Thomas

3 On page 1, after line 5, strike the remainder of the amendment
4 and insert:

5 "NEW SECTION. **Sec. 19.** The legislature finds:

6 (1) Washington is the only state to impose a business and
7 occupation tax upon gross income as its primary business tax;

8 (2) The business and occupation tax is unrelated to a
9 business's ability to pay;

10 (3) The business and occupation tax arbitrarily penalizes
11 businesses with low-profit margins, such as new businesses, high
12 turnover businesses, and small, nonvertically integrated
13 businesses;

14 (4) The business and occupation tax results in multiple
15 taxation by taxing full gross income at each stage of production,
16 including manufacturing, wholesaling, and retailing; and

17 (5) The business and occupation tax does not encourage
18 economic development.

19
20 NEW SECTION. **Sec. 20.** There is hereby created a joint select
21 committee on business tax reform composed of twelve members, with
22 six members of the senate, three from each of the two largest
23 caucuses, to be appointed by the president of the senate; and six
24 members of the house of representatives, three from each of the two
25 largest caucuses, to be appointed by the speaker of the house of
26 representatives. The speaker of the house of representatives and
27 the president of the senate shall designate cochairs of the
28 committee. The expenses of the committee members shall be paid by
29 the legislature under chapter 44.04 RCW. Staff support for the
30 committee shall be provided by senate committee services and house
31 of representatives office of program research as mutually agreed by

1 the cochairs of the joint select committee. The committee may also
2 use the research services provided to the legislature by the
3 department of revenue under RCW 82.01.060(4).
4

5 NEW SECTION. **Sec. 21.** The joint select committee on
6 business tax reform shall complete a thorough review of
7 Washington's business tax system. The committee shall examine
8 alternatives to the current business and occupation tax and
9 recommend changes that would increase the overall fairness of the
10 state's business tax system, reduce tax burdens for small
11 businesses, and encourage economic development. The joint select
12 committee on business tax reform shall submit its final report to
13 the legislature by December 31, 1995."
14

15 Renumber sections consecutively, correct any internal
16 references accordingly, and correct the title.