

FINAL BILL REPORT

SHB 1791

FULL VETO

Brief Description: Exempting activities conducted for an agricultural commodity commission or board from business and occupation tax.

Sponsors: By House Committee on Agriculture & Ecology (originally sponsored by Representatives Mastin, Chandler, Linville, Grant, Clements, Mulliken, Koster, Boldt and Schoesler).

House Committee on Agriculture & Ecology

House Committee on Finance

Senate Committee on Agriculture & Environment

Senate Committee on Ways & Means

Background: Four of the types of activities on which a business and occupation (B&O) tax is levied are manufacturing, selling at wholesale, selling at retail, and providing services. The base B&O tax rate on manufacturing and selling at wholesale is 0.484 percent. The base B&O tax rate for retailers is 0.471 percent. The B&O tax on business service activities varies from a rate of 0.275 percent for international investment management services to 2 percent for general business services. The tax is on the gross income or gross proceeds of sales of the service. A surcharge of 4.5 percent times the base B&O tax rate for a number of activities is imposed until June 30, 1997.

Summary: The B&O tax laws do not apply to a nonprofit organization with respect to amounts received from an agricultural commodity board or commission created under the Agricultural Enabling Act of 1955 or 1961, or directly by statute. To qualify for this B&O tax exemption, the organization must have the same objectives for which the commodity commission or board was formed and must fall in one of the federal income tax exemption categories that include farmers' cooperatives; labor, agricultural, and horticultural organizations; organizations for educational and scientific groups; and boards and business leagues.

Votes on Final Passage:

House 94 0

Senate 46 1 (Senate amended)

House 89 0 (House concurred)