

SENATE BILL REPORT

ESHB 2933

As Reported By Senate Committee On:
Ways & Means, March 10, 1998

Title: An act relating to the business and occupation taxation of warehousing and reselling of pharmaceutical drugs subject to regulation by the federal drug enforcement administration and the state board of pharmacy.

Brief Description: Prescribing the taxation of business warehousing and selling pharmaceutical drugs.

Sponsors: House Committee on Finance (originally sponsored by Representatives Radcliff, Cooper, Cooke, Morris, Doumit, Dyer, L. Thomas, Zellinsky, Grant and Thompson).

Brief History:

Committee Activity: Ways & Means: 3/10/98 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Hochstatter, Kohl, Long, Loveland, McDonald, Roach, Rossi, Schow, B. Sheldon, Snyder, Spanel, Swecker, Thibaudeau, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: The business and occupation tax (B&O) is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of business activities (except utility activities) conducted within the state.

Although there are several different rates, beginning July 1, 1998, the principal rates will be as follows:

Manufacturing/wholesaling	0.484 percent
Retailing	0.471 percent
Services	1.5 percent

Wholesalers that sell goods to retailers pay wholesaling B&O (0.484 percent) on the sales price of the goods sold.

Washington does not assess B&O tax on sales of goods which originate in Washington if the receipt of the goods occurs outside Washington. Washington does not apply B&O tax on sales of goods which originate outside the state unless the goods are received by the purchaser in this state and the out-of-state seller is legally considered to be doing business in Washington.

Summary of Amended Bill: Wholesalers of prescription drugs are provided a tax reduction. The tax rate is reduced from 0.484 percent of gross income to 0.138 percent of gross income.

Amended Bill Compared to Substitute Bill: The original effective date was July 1, 1999.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested.

Effective Date: The bill takes effect on July 1, 2001.

Testimony For: None.

Testimony Against: None.

Testified: No one.