

# SENATE BILL REPORT

## SB 5631

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As Passed Senate, February 11, 1998

**Title:** An act relating to imposition of the business and occupation tax on education loan guarantee services.

**Brief Description:** Exempting education loan guarantee services from business and occupation tax.

**Sponsors:** Senators Wood, Jacobsen and Oke.

**Brief History:**

**Committee Activity:** Higher Education: 3/4/97 [DP-WM].

Ways & Means: 3/26/97, 3/27/97 [DP].

Passed Senate, 2/11/98, 46-0.

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Wood, Chair; Winsley, Vice Chair; Bauer, Hale, Kohl, Patterson, Prince, Sheldon and West.

**Staff:** Aldo Melchiori (786-7439)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

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

**Staff:** David Schumacher (786-7474)

**Background:** Current law provides for an exemption from the payment of business and occupations tax for nonprofit organizations exempt from federal income tax and only if they are also guarantee agencies under the federal guaranteed student loan program or issue debt to provide or acquire student loans.

**Summary of Bill:** Nonprofit organizations exempt from federal income tax that provide guarantees for student loans made through programs other than the federal guaranteed student loan program are exempt from payment of the business and occupation tax.

**Appropriation:** None.

**Fiscal Note:** Requested on February 4, 1997.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** These loans would supplement federal student loans for 2,000 to 4,000 students per year. Since the loans would be guaranteed, parents would not have to mortgage the family home to qualify.

**Testimony Against:** None.

**Testified:** Carl Donovan, Higher Education Finance Corporation (pro).