

SENATE BILL REPORT

SB 6677

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

Title: An act relating to business and occupation tax exemptions for licensed boarding homes.

Brief Description: Exempting boarding homes from business and occupation tax.

Sponsors: Senators Strannigan, T. Sheldon, Hochstatter and Stevens.

Brief History:

Committee Activity: Ways & Means: 2/10/98 [DPS].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6677 be substituted therefor, and the substitute bill do pass.

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

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 all 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%
Retailing	0.471%
Services	1.5%

The B&O tax is imposed on the gross receipts of business activities conducted within the state without any deduction for the costs of doing business, for this reason the tax pyramids at each level of activity.

Currently, nonprofit nursing homes do not pay business and occupation (B&O) tax on income generated from the services provided to residents or the cost of their room and board.

Nonprofit nursing homes with ancillary services like gift shops pay B&O only for those non-patient services.

For-profit nursing homes do pay B&O taxes on all patient services, including room and board.

Summary of Substitute Bill: Nonprofit boarding homes are exempt from B&O tax. This includes all services rendered, including personal, medical, room and board.

Substitute Bill Compared to Original Bill: The original bill was not considered.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: None.

Testimony Against: None.

Testified: No one.