

1791-S

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

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

HB 1791-S - DIGEST

(DIGEST AS PASSED LEGISLATURE)

Declares that chapter 82.04 RCW does not apply to any nonprofit organization in respect to amounts received from an agricultural commodity commission or agricultural commodity board created by state statute or a commission or board created under chapter 15.24, 15.26, 15.28, 15.44, 15.65, 15.66, 15.88, or 16.67 RCW.

VETO MESSAGE ON HB 1791-S

May 19, 1997

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval, Substitute House Bill No. 1791 entitled:

"AN ACT Relating to the taxation of activities conducted for an agricultural commodity commission or board;"

Substitute House Bill No. 1791 would exempt from the Business and Occupation (B&O) tax, business activity conducted for an agricultural commodity commission or board created by statute, if the activity is approved by a referendum conducted by the commission or board.

This bill was drafted narrowly in order to restrict the exemption to income paid to a non-profit organization to advertise the agricultural products of the commodity commission. Although the current bill is narrow, it sets a precedent for future exemptions of a similar nature. Other state agencies including the Department of Social and Health Services and the Department of Community, Trade and Economic Development also contract with non-profit entities to carry out programs that advance state goals and purposes. These departments and non-profit entities could view this exemption as an invitation to seek similar tax treatment.

For these reasons, I have vetoed Substitute House Bill No. 1791 in its entirety.

Respectfully submitted,
Gary Locke
Governor