

Financial Institutions & Insurance

HB 1217

Brief Description: Reducing the mortgage brokers business and occupation tax rate.

Sponsors: Representatives Benson, Hatfield, Reardon, Bush, Roach, Cairnes, G. Chandler and D. Schmidt .

Brief Summary of Bill

- *Reduces the business and occupations tax on mortgage brokers to a rate of .484 percent of gross income.*

Hearing Date: 1/31/01

Staff: Thamas Osborn (786-7129).

Background:

The business and occupations tax is imposed on businesses at varying rates, as determined by statutorily defined categories based upon the type of activity in which the business is engaged. The tax rates imposed on various businesses are based on a percentage of the gross revenue of the business or the gross value of production, as the case may be, and range from a low of .138 percent to a high of 1.5 percent. For those businesses that fall outside any of the statutory categories and are not granted a specific exemption, the tax is determined at the rate of 1.5 percent of gross income.

Mortgage brokers are currently subject to a tax rate of 1.5 percent of gross income, insofar as they fall outside of the statutorily defined categories.

Summary of Bill:

Mortgage brokers are added to a miscellaneous list of business types subject to a business and occupations tax rate of .484 percent, thus reducing the tax burden of mortgage brokers by 68 percent.

***Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2001.*

***Appropriation:** None.*

***Fiscal Note:** Requested on January 29, 2001.*