

HOUSE BILL REPORT

E2SSB 5799

As Reported by House Committee On:
Finance

Title: An act relating to business and occupation tax rates for certain fuel distributors.

Brief Description: Reducing business and occupation tax rates for certain fuel distributors.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Haugen, Prentice, Swecker, Berkey, Marr, Kilmer, Clements, Sheldon, Schoesler and Shin).

Brief History:

Committee Activity:

Finance: 4/17/07 [DP].

Brief Summary of Engrossed Second Substitute Bill

- Provides a reduction in business and occupation tax rate for fuel distributors from 0.484 to 0.2904 percent until July 1, 2010.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 5 members: Representatives Hunter, Chair; Conway, Ericks, McIntire and Santos.

Minority Report: Do not pass. Signed by 4 members: Representatives Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member and Roach.

Staff: Rick Peterson (786-7150).

Background:

The business and occupation (B&O) tax is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities conducted within the state. There are no deductions for the costs of doing business. The three principal rates are 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for services.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The rate for persons engaged in selling tangible personal property at wholesale is 0.484 percent. This applies to sales made by motor vehicle fuel and special fuel distributors who buy from a supplier and then sell fuel to a retailer.

Summary of Bill:

Effective July 1, 2007, until July 1, 2010, the B&O tax rate for motor and special fuel distributors is reduced from 0.484 percent to 0.2904 percent. The reduced rate does not apply to motor vehicle fuel distributors that are also licensed as suppliers, importers, exporters, or blenders.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2007.

Staff Summary of Public Testimony:

(Concerns) The loss of the float on the payment of the gas tax will have a huge effect on the gas distribution business. It will have a trickle down effect on our customers. The log truck operators are in a dire condition and they need help. Distributors provide 30 to 35 days of credit to their buyers and will no longer be able to do so if the float is taken away. The bill should extend the relief to at least seven years in order for the reduced B&O rate to make the distributors whole.

(In support) None.

(Opposed) None.

Persons Testifying: Charlie Brown, Washington Oil Marketers Association; and Chris Williams, Pettit Oil Company.

Persons Signed In To Testify But Not Testifying: None.