

FINAL BILL REPORT

SHB 1508

C 58 L 07

Synopsis as Enacted

Brief Description: Providing an exemption from business and occupation tax for the resale of natural or manufactured gas by consumers.

Sponsors: By House Committee on Technology, Energy & Communications (originally sponsored by Representatives Orcutt, Hunter, Blake, Takko, Condotta and Dunn; by request of Department of Revenue).

House Committee on Technology, Energy & Communications

House Committee on Finance

Senate Committee on Ways & Means

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.

Public and privately owned utilities are subject to the state public utility tax (PUT). The PUT is applied to the gross receipts of the business. The PUT applies to businesses engaged in operating a plant or system for the production or distribution of natural or manufactured gas.

A business that does not operate a plant or system for the production or distribution of natural or manufactured gas, but engages in the selling of natural gas, is subject to the B&O tax.

Summary:

A B&O tax exemption is provided for amounts received from the sale of natural or manufactured gas in a calendar year if the amount of gas sold within the U.S. by the business in that calendar year is no more than 20 percent of the amount of natural or manufactured gas that is consumed in the U.S. in the same calendar year.

The transfer of natural gas as a result of an acquisition or merger and the transfer of natural gas solely to comply with federal regulatory requirements imposed on the transportation of natural or manufactured gas over a pipeline are not considered sales.

Votes on Final Passage:

House	96	1
Senate	44	0

Effective: July 22, 2007