
Ecology & Parks Committee

HB 2992

Brief Description: Concerning the creation of a historical parks and historic reserves tax incentive program.

Sponsors: Representatives Blake, Fromhold and Conway.

Brief Summary of Bill

- Provides a tax credit, up to 75 percent of the contribution, for contributions made to qualified Washington historical projects.
- Requires an application to the Department of Revenue before making a contribution that qualifies for the tax credit.

Hearing Date: 1/29/08

Staff: Jaelyn Ford (786-7339).

Background:

Public Utility Tax

Public and privately-owned utilities and certain other businesses are subject to the state public utility tax (PUT). The PUT applies only on sales to consumers.

The PUT is subject to exemptions, deductions and credits. Exemptions and credits are available for income less than \$500 per month, credit for one-half contributions made to rural electric utility economic development projects, and the income of small irrigation districts.

Examples of deductions include purchases for resale, cash discounts and credit losses, income from interstate transportation of persons or property, and distribution of water by nonprofit water associations.

Business and Occupation Tax

Washington's major business tax is the business and occupation (B&O) tax. This tax is imposed on the gross receipts of business activities conducted within the state. Business and occupation

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tax rates and classifications vary according to the type of business activity. The major B&O tax classifications are retailing, wholesaling, manufacturing, and service and other activities.

Credits are amounts that have been paid to the Department of Revenue (DOR) which are either not due or are granted by the Legislature for a specific purpose. Credits are subtracted from the B&O tax due on the Combined Excise Tax Return (CETR) and include the multiple activities tax credit; the high technology B&O tax credit, and the small business B&O tax credit.

Summary of Bill:

Certain governmental entities and 501(c)(3) organizations may receive contributions for a qualified historical project. Washington historical projects include capital projects located on or in a federally designated historic reserve or historical park.

The tax credit applies to the B&O tax and the PUT. Credit may be for up to 75 percent of the contribution. Statewide contributions may not exceed 3 million dollars in any calendar year nor may any one historical park or reserve receive more than 1 million dollars in any calendar year.

The DOR must receive an application from the organization wanting to receive the tax credit prior to the organization making the contribution. The DOR will rule on the application within 45 days. A person must also electronically file all returns, forms, and other information required by the DOR in order to receive the tax credit.

The tax credit may be carried forward to successive income years until the credit is fully taken. However, no credit may be carried forward more than 10 years. No refunds may be given in lieu of credits and the credit received is limited to the amount of tax imposed.

No credit may be earned for contributions made on or after January 1, 2019.

This act expires December 31, 2018.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.