

SENATE BILL REPORT

SB 6071

As of February 22, 2007

Title: An act relating to the tax on cleaning up radioactive waste and other byproducts of weapons production and nuclear research and development.

Brief Description: Concerning the tax on cleaning up radioactive waste and other byproducts of weapons production and nuclear research and development.

Sponsors: Senators Delvin, Brown, Kohl-Welles and Sheldon.

Brief History:

Committee Activity: Ways & Means: 2/21/07.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: The business & 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. In general, there are no deductions for the costs of doing business. The principal rates are 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for services and all other activities.

In 1996, the Legislature enacted a reduced B&O rate of 0.471 percent for cleaning up the Hanford site. Previously, persons performing cleanup activities for the U.S. government paid under the government contractor rate. The definition of activities that qualified for the reduced B&O rate required that such activities had to be integral and necessary to the direct performance of cleanup.

Summary of Bill: Persons providing certain support services are expressly qualified for the reduced B&O rate for radioactive waste cleanup. These services include the following: information technology and computer support; services rendered in respect to infrastructure; security, safety, and health services; and activities supporting the performance of cleanup. The bill includes a retroactivity clause.

Appropriation: None.

Fiscal Note: Requested on February 19, 2007.

Committee/Commission/Task Force Created: No.

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

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.

Staff Summary of Public Testimony: PRO: This bill clarifies that computer support and other services that support the Hanford Site cleanup are integral and necessary.

OTHER: There are some concerns about applying the bill retroactively to taxpayers reporting income under a higher B&O rate. The Department of Revenue has shared those concerns with the prime sponsor and members.

Persons Testifying: PRO: Senator Delvin, prime sponsor; Sally Fitzpatrick, Tri-City Industrial Development Council, CH2M Hill Hanford.

OTHER: Gil Brewer, Margaret Partlow, Department of Revenue.