

SENATE BILL REPORT

SB 6219

As of February 18, 2008

Title: An act relating to the business and occupation taxation of newspaper-labeled supplements.

Brief Description: Concerning the business and occupation taxation of newspaper-labeled supplements.

Sponsors: Senator Prentice.

Brief History:

Committee Activity: Ways & Means: 1/29/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Publishers of newspapers, magazines, and periodicals are subject to the business and occupation (B&O) tax classification of printing and publishing which is taxed at the rate of .484 percent. The tax applies to the gross receipts of the business, including subscription sales, newsstand sales, advertising income, and other income.

Businesses who both print and publish such items as books, music, circulars, etc. are also taxed under the printing and publishing classification of the B&O tax. However, businesses other than publishers of newspapers, magazines or periodicals, who publish such things, but do not print them, are taxable under either the wholesaling or retailing classification of the B&O tax. For these businesses any advertising income is taxed at the 1.5 percent service rate.

In recent years, newspapers have begun to post materials from their hard-copy editions on the Internet. Income derived from this activity does not constitute printing or publishing. Thus, advertising income received by newspapers for their web-based materials is subject to B&O tax under the service classification at a rate of 1.5 percent.

Summary of Bill: The definition of newspaper for B&O tax purposes is amended to add "any newspaper-labeled supplement produced in any media." This would include material posted on the Internet. As a result, advertising income related to web-based newspaper material would become subject to the 0.484 percent printing and publishing tax rate, instead of the 1.5 percent service rate.

Appropriation: None.

Fiscal Note: Available.

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.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Content cannot be the basis for tax differences. We use the same sort of equipment for the newspaper advertising and the internet advertising, so it is difficult to make a determination of which income is taxed at what rate. We feel the fiscal note is over stated.

OTHER: We have an issue with the broadness of the language. We would like to work to resolve the language problem, and we will take a second look at the fiscal note.

Persons Testifying: PRO: Roland Thompson, Allied Daily Newspapers.

OTHER: Gil Brewer, Department of Revenue.