

FINAL BILL REPORT

EHB 2122

C 461 L 09
Synopsis as Enacted

Brief Description: Reducing the business and occupation tax burden on the newspaper industry.

Sponsors: Representatives Kessler, Blake, Ericks, Takko, Wallace, Morris, Lias, Hunt, Kelley, Quall, Sullivan and Van De Wege.

House Committee on Finance
Senate Committee on Ways & Means

Background:

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state without any deduction for the costs of doing business. Businesses must pay B&O tax even though they may not have any profits or may be operating at a loss. Major tax rates are 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for services. Several lower rates also apply to specific business activities.

The printing and the publishing of newspapers, magazines, and periodicals are taxed under a special tax provision. Printing activity is subject to the B&O tax rate of 0.484 percent. Taxpayers that both print and publish books, music, circulars, and other materials are taxed at the same 0.484 percent rate. Publishers that do not print their own material are taxed at the retailing rate (0.471 percent) or wholesaling rate (0.484 percent) on sales of the material, and at the services rate (1.5 percent) on income received from advertising. However, publishers of newspapers, magazines, and periodicals are taxed at the lower 0.484 percent rate.

A newspaper is a regularly issued publication (at least twice a month) that is printed on newsprint in tabloid or broadsheet format folded loosely together without a binding. A periodical or magazine is a regularly issued, printed publication (at least once every three months), other than a newspaper, and includes supplements and special editions.

Summary:

The B&O tax rate for printing and publishing newspapers is reduced from 0.484 percent to 0.2904 percent of gross income.

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.

Persons or businesses claiming this preferential tax rate must complete and electronically file an annual report with the Department of Revenue.

Votes on Final Passage:

House	91	5
Senate	46	2

Effective: July 1, 2009