

SENATE BILL REPORT

EHB 2122

As of April 26, 2009

Title: An act relating to reducing the business and occupation tax burden on the newspaper industry.

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.

Brief History: Passed House: 3/10/09, 91-5.

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Printing and publishing is subject to the state business and occupation (B&O) tax at a rate of 0.484 percent. This includes printing and publishing of newspapers, magazines, periodicals, books, music, and similar items. The tax applies to the gross receipts of the business, including subscription sales, newsstand sales, advertising income, and other income. Persons who publish, but do not print, items other than newspapers, magazines, and periodicals are subject to the retailing (0.471 percent) or wholesaling (0.484 percent) classification of the B&O tax.

Newspapers are defined as "a publication issued regularly at stated intervals at least twice a month and printed on newsprint in tabloid or broadsheet format folded loosely together without stapling, glue, or any other binding of any kind, including any supplement of a printed newspaper and includes electronic versions of a newspaper."

Summary of Bill: The B&O tax rate for persons who print newspapers and persons who publish newspapers is reduced from 0.484 percent to 0.2904 percent.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2009.

Staff Summary of Public Testimony on SB 5942: PRO: We are concerned because of what is happening to the newspaper industry and advertising in this economy. Several newspapers are going away. Newspapers are a way for the the people to stay in tune with the government and the events of the world. The tax rate we are asking for is the same as the aerospace industry and the timber industry. The states' newspapers and its employees have been hit harder than most in this economy and that is due mostly to reduced advertising. In normal economic times we would be profitable.

At the Seattle Times we lost 20 percent of advertising revenue in 2007 and 2008, and it is projected to be larger in 2009. We have gone through three rounds of employee reductions. We are going to continue to have to sacrifice, but hopefully no more job losses. We actually have growth in paid circulation. So the content we are producing is still popular. Our country was founded on the notion of free press and multiple voices. The employment levels of newsrooms in the state are at an all time low. This will help us retain some content and some employment.

We have transitioned into the information age and the information age is in chaos. This is a perfect storm situation for newspapers, as we are in this information transition and the bad economy hit at the same time. We are supported 90 percent by advertising and these revenues are really down. The weekly newspapers are hurting in every corner of the state. The printing portion of this bill will also help us because a lot of our newspapers outsource their printing.

Persons Testifying: PRO: Roland Thompson, Allied Daily Newspapers; Frank Blethen, Seattle Times; Scott Campbell, The Columbian; Bill Will, Washington Newspaper Publishers Association.