

SENATE BILL REPORT

SB 6637

As of January 25, 2010

Title: An act relating to increasing the small business credit for the business and occupation tax.

Brief Description: Increasing the small business credit for the business and occupation tax.

Sponsors: Senators Franklin, Sheldon and Roach.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 1/25/10.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Staff: Jack Brummel (786-7428)

Background: The business and occupation (B&O) tax is levied for the privilege of doing business in Washington. Businesses are authorized a credit against tax equal to \$35 per month. The credit provides a complete exemption up to a certain income and is eliminated at twice the exemption amount. Businesses with incomes of \$28,000 per year or less are required to register with the Department of Revenue but do not need to file tax returns.

Summary of Bill: The credit against the B&O tax is increased to \$40 per month. Annually, beginning in calendar year 2012, the small business credit must be increased by the consumer price index for the fiscal year that ends June 30 of the prior calendar year. Increases are rounded to the nearest multiple of \$1. The credit is not decreased for a decrease in the consumer price index.

The \$28,000 income requirement for an exemption from filing returns is increased to \$32,000 for 2011 and is increased each year thereafter by a factor tied to the increase in the small business tax credit.

Appropriation: None.

Fiscal Note: Requested on January 22, 2010.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 1, 2011.

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