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## Ways & Means Committee

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### SSB 5534

**Brief Description:** Concerning the business and occupation taxation of newspapers.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Murray, Zarelli and Kohl-Welles).

<p style="text-align: center;"><b>Brief Summary of Substitute Bill</b></p> <ul style="list-style-type: none"><li>• Extends (permanently) a preferential business and occupation tax rate to revenue derived from the online portion of a newspaper business.</li></ul>
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**Hearing Date:** 5/11/11

**Staff:** Jeffrey Mitchell (786-7139).

**Background:**

The printing and publishing of newspapers is subject to the state business and occupation (B&O) tax at a rate of 0.2904 percent. (The Legislature, in 2009, lowered the tax rate from 0.484 percent to 0.2904 percent, effective July 1, 2009.) The tax applies to the gross receipts of the business, including subscription sales, newsstand sales, advertising income, and other income. In recent years newspapers have begun to post materials from their hard-copy editions to the Internet. Until July 1, 2008, income derived from this activity did not constitute printing or publishing. Thus, advertising income received by newspapers for their web-based materials was subject to B&O tax under the service classification at a rate of 1.5 percent—currently the rate is 1.8 percent until July 1, 2013.

In 2008 the Legislature amended the definition of a newspaper for B&O tax purposes to include any newspaper-labeled supplement and the Internet-based version of printed newspapers. As a result, income from publishing newspaper supplements and advertising income related to Internet-based newspaper material is subject to the 0.2904 percent printing and publishing newspaper tax rate, instead of the 1.8 percent service rate. However, the reduced tax rate is only applicable for a three-year period, from July 1, 2008, until June 30, 2011.

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*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.*

**Summary of Bill:**

The definition of a newspaper is amended to permanently include the Internet version of printed newspapers and newspaper supplements. Therefore, business and occupation (B&O) tax applies to advertising revenue from the online versions of newspapers and newspaper supplements at the same rate as revenue derived from the traditional hard-copy versions.

The B&O tax rate for printing a newspaper, publishing a newspaper, or both, is increased from 0.2904 percent to 0.365 percent until June 30, 2013, and 0.35 percent thereafter.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2011.