

SENATE BILL REPORT

SB 5732

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, January 26, 2012

Title: An act relating to exempting certain manufacturing research and development activities from business and occupation taxation.

Brief Description: Exempting certain manufacturing research and development activities from business and occupation taxation.

Sponsors: Senators Chase and Kastama.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 2/14/11, 2/16/11, 2/17/11 [DPS, w/oRec]; 1/23/12, 1/26/12 [DP2S].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Second Substitute Senate Bill No. 5732 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Kastama, Chair; Chase, Vice Chair; Baumgartner, Ranking Minority Member; Ericksen, Hatfield, Holmquist Newbry, Kilmer, Shin and Zarelli.

Staff: Jack Brummel (786-7428)

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 cost of doing business. Revenues are deposited in the state General Fund.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Recommended Second Substitute): The B&O tax is not due on the value of products manufactured in Washington during their first five years of production if the product was developed as a result of research and development at the University of Washington or Washington State University, and the product is being manufactured pursuant to a licensing agreement with either school.

Appropriation: None.

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.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: We are trying to get factories in operation in the state with family wage jobs. This is a pathway to create jobs.

Persons Testifying: PRO: Senator Chase, prime sponsor.