

FINAL BILL REPORT

SB 6159

PARTIAL VETO C 249 L 12 Synopsis as Enacted

Brief Description: Concerning a business and occupation tax deduction for amounts received with respect to dispute resolution services.

Sponsors: Senators Hargrove, Regala, Harper and Padden.

Senate Committee on Ways & Means

Background: Business and Occupation (B&O) Tax. Washington's major business tax is the 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. Revenues are deposited in the state General Fund. The main rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.8 percent for professional and personal services, and activities not classified elsewhere until June 30, 2013, at which time the 0.3 percent rate surcharge expires and the B&O rate for service and other category is 1.5 percent thereafter. Nonprofit organizations pay B&O tax unless specifically exempt by statute.

Dispute Resolution Centers (DRC). DRCs may be established and operated by a municipality, county, or a nonprofit organization under chapter 7.75 RCW to resolve disputes in an informal and less costly setting than judicial forums. DRCs established under these statutes must provide dispute resolution services without charge or based on the participant's ability to pay. A DRC may accept contributions from counties and municipalities, agencies of the state and federal governments, private sources, and any other available funds.

Summary: A deduction from the B&O tax is provided to a DRC organized under chapter 7.75 RCW for amounts received as a contribution from federal, state, or local governments and nonprofit organizations for providing dispute resolution services. A nonprofit organization may deduct from the measure of tax amounts received from federal, state, or local governments for distribution to a DRC.

Votes on Final Passage:

Senate	48	1
House	96	2

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: June 7, 2012

Partial Veto Summary: Section 2, providing that the act applies both prospectively and retroactively, was vetoed.