

SENATE BILL REPORT

SB 5131

As of February 6, 2013

Title: An act relating to providing tax incentives for donations of modern laboratory equipment to higher education institutions and vocational skills centers.

Brief Description: Providing tax incentives for donations of modern laboratory equipment to higher education institutions and vocational skills centers.

Sponsors: Senators Honeyford, Benton, Dammeier, Shin, Hobbs, Becker, Bailey, Tom, Holmquist Newbry, Rivers, Carrell, Braun, Padden, Parlette and Roach.

Brief History:

Committee Activity: Higher Education: 2/05/13.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Kimberly Cushing (786-7421)

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. Revenues are deposited in the state general fund. There are certain deductions and credits permitted under the B&O tax statutes.

In Washington, 13 skill centers operate under cooperative agreements among participating school districts and primarily provide students with instruction in career and technical education.

The Northwest Indian College is located on the Lummi Indian Reservation in Washington, 20 miles from the Canadian border. The accredited tribal college offers a Bachelor's of Science degree in Native Environmental Science and several Associate and Certificate programs.

Summary of Bill: A donor is authorized to receive a credit against the state's B&O tax for a donation of modern laboratory equipment useful in one or more technology-related fields at a community or technical college, vocational skill center, or the Northwest Indian College.

After the recipient institution has issued a need statement and accepted the donation of laboratory equipment, the institution must report either the assessed fair market value or listed value of the equipment to the Department of Revenue. The credit must be earned and

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claimed against B&O taxes for the reporting period that the donation was made. The credit cannot exceed the taxes due, but may be carried over and used in subsequent tax reporting periods.

Modern laboratory equipment is defined as equipment that must be used in the course of instruction, training, or research and be comparable to laboratory equipment currently used in private industry, not-for-profit organizations, or government laboratories. At the time it is donated, the equipment must have at least one half its useful life. Technology-related fields include engineering, physical sciences, biological sciences, computer sciences, agriculture, and food processing.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The bill provides students with the opportunity to work with good modern equipment, come out well trained, and get a good paying job, without having to get retained on the job. There is a big demand in the community and technical college system for lab equipment. While the institutions have different needs, many programs require very expensive equipment. This bill will incentivize people to donate equipment they could not otherwise afford to donate, and has the potential to create greater coordination with industry. Skills centers operate on a tight budget and want to train students adequately with current equipment. The Evergreen State College (TESC) and other public baccalaureates should be included in the legislation. TESC relies heavily on gifts and this would help with future grants. Modern equipment helps students apply what they learn in the classroom.

Persons Testifying: PRO: Senator Honeyford, prime sponsor; Jim Crabbe, State Board for Community and Technical Colleges; Julie Garver, TESC; Jane Wall, The Council of Presidents; Kristan Blum, New Market Skills Center; Amber Carter, Assn. of WA Business.