

SENATE BILL REPORT

SB 5251

As Reported by Senate Committee On:
Trade & Economic Development, February 19, 2013

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 Shin.

Brief History:

Committee Activity: Trade & Economic Development: 2/12/13, 2/19/13 [DPS-WM].

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5251 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Braun, Chair; Smith, Vice Chair; Chase, Ranking Member; Holmquist Newbry, Schlicher and Shin.

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 (Recommended 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.

EFFECT OF CHANGES MADE BY TRADE & ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute): The emergency clause and start date of July 1, 2013, are removed from the bill.

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.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2013.

Staff Summary of Public Testimony on Original Bill: PRO: This incentive may be able to create jobs in our state. This is intended to capture the need for employees in manufacturing in the state. Patent activity has generated billions of dollars in benefits to the state.

Persons Testifying: PRO: Senator Chase, prime sponsor; Amber Carter, Assn. of WA Business.