

SENATE BILL REPORT

SB 5043

As Reported by Senate Committee On:
Trade & Economic Development, February 11, 2015

Title: An act relating to providing greater small business assistance by modifying the filing threshold for excise tax purposes.

Brief Description: Providing greater small business assistance by modifying the filing threshold for excise tax purposes.

Sponsors: Senators O'Ban, Benton and Warnick.

Brief History:

Committee Activity: Trade & Economic Development: 1/28/15, 2/11/15 [DPS-WM].

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 5043 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Brown, Chair; Braun, Vice Chair; Chase, Ranking Minority Member; Angel, Ericksen and McCoy.

Staff: Jeff Olsen (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. In lieu of the B&O tax, gross income derived from the operation of public and privately owned utilities is subject to the public utilities tax. Businesses are not required to file returns if the value of products, gross proceeds of sales, or gross business income is less than \$28,000 per year for the B&O tax, or \$24,000 for the public utility tax. However, persons having taxable income under business services and operation of gambling contests of chance are not required to file returns with the Department of Revenue (Department) if their gross income is less than \$46,667 and they derive at least 50 percent of their income from those activities. However, all businesses must register and pay taxes with the Department if the business is required to collect sales tax or the business is required to pay any other taxes or fees to the Department.

Summary of Bill (Recommended Substitute): The minimum filing threshold for a person to file an excise tax return with the Department is increased to \$50,000.

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.

EFFECT OF CHANGES MADE BY TRADE & ECONOMIC DEVELOPMENT COMMITTEE (Recommended Substitute): The proposed substitute removes the emergency clause and provides an effective date of August 1, 2015.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on August 1, 2015.

Staff Summary of Public Testimony on Original Bill: None.

Persons Testifying: No one.