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**Finance Committee**

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**HB 1311**

**Brief Description:** Creating a business and occupation tax deduction for certain amounts received by zoological facilities.

**Sponsors:** Representatives Tarleton, Haler, Gregerson, Stokesbary, McBride, Pettigrew, Fitzgibbon, Wilcox, Appleton and Fey.

**Brief Summary of Bill**

- Provides a business and occupation (B&O) tax deduction for the income derived for business activities conducted by an accredited zoological facility.
- Provides a B&O tax deduction for moneys received from public sources to support zoological presentations, performances, or education programs provided by an accredited zoological facility.

**Hearing Date:** 1/20/17

**Staff:** Tracey O'Brien (786-7152).

**Background:**

Business and Occupation Tax.

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 costs of doing business. Businesses must pay the B&O tax even though they may not have any profits or may be operating at a loss. A business may have more than one B&O tax rate, depending on the types of activities conducted. Major tax rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for services, and activities not classified elsewhere. Several lower rates also apply to specific business activities.

Tax Preferences.

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*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.*

Washington has over 650 tax preferences authorized in law. A tax preference includes exemptions, deductions, credits, and preferential rates. The B&O tax credits provide a dollar-for-dollar offset against tax liability.

#### Zoos and Aquariums.

The Association of Zoos and Aquariums (AZA) is a 501(c)(3) nonprofit organization and is an independent accrediting organization for zoos and aquariums. Currently, it accredits over 230 institutions worldwide. Zoos and aquariums must meet the AZA's standards in animal care, educational programs, scientific research, and conservation to be accredited.

There are four AZA-accredited zoos or aquariums in Washington. The Woodland Park Zoo, the Seattle Aquarium, the Point Defiance Zoo and Aquarium, and the Northwest Trek Wildlife Park.

#### **Summary of Bill:**

A B&O credit is allowed from the B&O tax owed by a zoological facility for the income derived from its business activities. In addition, a B&O tax credit is allowed for the income received from a government entity to support zoological exhibitions, presentations, performances, or education programs provided by the zoological facility.

A "zoological facility" is defined as a nonprofit facility accredited by the Association of Zoos and Aquariums.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on August 1, 2017.