

HOUSE BILL REPORT

HB 2002

As Reported by House Committee On:
Finance

Title: An act relating to making a technical correction in Engrossed Substitute Senate Bill No. 6057 from 2015 to provide that the business and occupation tax rate for newspapers takes effect as of July 1, 2015.

Brief Description: Making a technical correction in Engrossed Substitute Senate Bill No. 6057 from 2015 to provide that the business and occupation tax rate for newspapers takes effect as of July 1, 2015.

Sponsors: Representative Nealey.

Brief History:

Committee Activity:

Finance: 2/21/17, 3/3/17 [DP].

Brief Summary of Bill

- Changes the effective date of the last extension of the business and occupation tax rate for newspapers.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 10 members: Representatives Lytton, Chair; Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Condotta, Dolan, Pollet, Springer, Stokesbary, Wilcox and Wylie.

Minority Report: Without recommendation. Signed by 1 member: Representative Frame, Vice Chair.

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

Background:

Business and Occupation Tax.

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'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.

Business and Occupation Tax Rate for Newspapers.

The Legislature temporarily revised the definition of "newspaper" to include electronic versions of newspapers on several occasions. As a result, both the online version of the newspaper and the physical version of a newspaper are taxed at the B&O rate of 0.35 percent. During the 2015 Legislative session, B&O rates were extended until July 1, 2024. The relevant section of the act was not effective until September 1, 2015. As a result, the rate of 0.35 percent did not apply for the first two months of the 2015-17 biennium.

Summary of Bill:

The effective date for the B&O tax rate of 0.35 percent is changed from September 1, 2015, to July 1, 2015. This is remedial and retroactive to July 1, 2015; therefore covering the two-month rate gap.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is a technical fix to the 2015 legislation. The session went so long that the effective dates in the revenue bill had gaps. Today's rate does not change, and the definition is already permanent; this just closes the two-month gap caused by a drafting error.

(Opposed) None.

Persons Testifying: Representative Nealey, prime sponsor; and Rowland Thompson, Allied Daily Newspaper of Washington

Persons Signed In To Testify But Not Testifying: None.