

SENATE BILL REPORT

SB 6167

As of January 23, 2018

Title: An act relating to providing tax exemptions for the assistance of disabled veterans and members of the armed forces of the United States of America.

Brief Description: Providing tax exemptions for the assistance of disabled veterans and members of the armed forces of the United States of America.

Sponsors: Senators O'Ban, Conway and Miloscia.

Brief History:

Committee Activity: Ways & Means: 1/25/18.

Brief Summary of Bill

- Establishes a business and occupation (B&O) tax exemption on amounts received from sales on a military reservation by a nonprofit organization that operates an adaptive recreational and rehabilitation facility dedicated to the assistance of disabled veterans and members of the Armed Forces.
- Establishes a retail sales tax exemption for sales on a military reservation by a nonprofit organization that operates an adaptive recreational and rehabilitation facility dedicated to the assistance of disabled veterans and members of the armed forces.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

Background: Business and Occupation Tax. Washington's B&O tax is imposed on the gross receipts of all in-state business activities, except utility activities, on every person who has a substantial nexus to the state for the act or privilege of doing business.

Sales and Use Tax. Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. If retail sales taxes are not collected when the user acquires the property, digital products, or services, then use taxes apply to the value when used in this state. The state, all cities, and all counties levy retail sales and use

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taxes. The state sales and use tax rate is 6.5 percent. Local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Tax Preferences. State law provides for a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, deferrals, credits, and preferential tax rates. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided. The Joint Legislative Audit and Review Committee (JLARC) is responsible for periodic review of tax preferences.

Adaptive Recreation and Rehabilitation. Adaptive recreation or rehabilitation is the use of activity modifications or assistive technologies to allow people with disabilities to participate in recreational activities, sports, or physical rehabilitation efforts.

Summary of Bill: Sales made on a federal military reservation by a nonprofit operating an adaptive recreational and rehabilitation facility that is dedicated to the assistance of disabled veterans and members of the armed forces are exempted from B&O tax.

Sales made on a federal military reservation by a nonprofit operating an adaptive recreational and rehabilitation facility that is dedicated to the assistance of disabled veterans and members of the armed forces are exempted from retail sales tax.

A tax preference performance statement requiring JLARC to evaluate the utilization of adaptive recreational and rehabilitation facilities by disabled veterans and members of the Armed Forces is included.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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