

# SENATE BILL REPORT

## SB 6299

---

As of January 20, 2020

**Title:** An act relating to creating a business and occupation tax deduction for certain amounts received by zoological facilities.

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

**Sponsors:** Senators Nguyen, Lias and Wilson, C.

**Brief History:**

**Committee Activity:** Ways & Means: 1/21/20.

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Provides a ten-year business and occupation tax deduction for revenues received by a zoological facility.</li></ul>
---



---

### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Jeff Mitchell (786-7438)

**Background:** Business & 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 taxpayer may have more than one B&O tax rate, depending on the types of activities conducted. Major B&O tax rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for services and for activities not classified elsewhere. Several preferential rates also apply to specific business activities.

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. It accredits over 230 institutions worldwide. Zoos and aquariums must meet the

---

*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.*

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, Point Defiance Zoo and Aquarium, and Northwest Trek Wildlife Park.

Requirements for New Tax Preferences. A tax preference is any exemption, exclusion, or deduction from the base of a state tax; a credit against a state tax; a deferral of a state tax; or a preferential state tax rate. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference, and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax preference. An automatic ten-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

**Summary of Bill:** A B&O tax deduction is allowed for income received by a zoological facility from its business activities and from a government entity to support zoological exhibitions, presentations, performances, or educational programs provided by the zoological facility. The B&O tax deductions expire January 1, 2031.

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

The tax preference performance statement states the public policy objective of the legislation is to provide education and recreational opportunities for Washington citizens and assist zoological facilities in fulfilling their public purpose. The legislation specifies the Legislature intends to renew the preference if the JLARC analysis concludes that zoological facilities have increased their annual spending on programs that improve access for underserved populations through the use of community access admissions, school programming, transportation costs, or in-community programming.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill takes effect on January 1, 2021.