

HOUSE BILL REPORT

SB 6159

As of Second Reading

Title: An act relating to a business and occupation tax deduction for amounts received with respect to dispute resolution services.

Brief Description: Concerning a business and occupation tax deduction for amounts received with respect to dispute resolution services.

Sponsors: Senators Hargrove, Regala, Harper and Padden.

Brief History:

Committee Activity:

None.

Brief Summary of Bill

- Provides a business and occupation (B&O) tax deduction for Dispute Resolution Centers (DRC) for amounts received as contributions from federal, state, or local governments or nonprofit organizations.
- Provides a B&O tax deduction to nonprofit organizations for amounts received from federal, state, or local governments for distribution to a DRC.

HOUSE COMMITTEE ON WAYS & MEANS

Staff: Rick Peterson (786-7150).

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, without any deduction for the costs of doing business. Revenues are deposited in the State General Fund. The main rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.8 percent for professional and personal services, and activities not classified elsewhere until June 30, 2013, at which time the 0.3 percent rate surcharge expires and the B&O rate for service and other category is 1.5 percent thereafter. Nonprofit organizations pay B&O tax unless specifically exempt by statute.

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.

In 1984 the Legislature authorized municipalities, counties, and nonprofit organizations to create Dispute Resolution Centers (DRCs.) The stated purpose was to provide alternatives to the courts for the resolution of disputes. The DRCs established under these statutes must provide dispute resolution services without charge or base the charge on the participant's ability to pay. A DRC may accept contributions from counties and municipalities, agencies of the state and federal governments, private sources, and any other available funds.

Summary of Bill:

A deduction from business and occupation (B&O) tax is provided to a Dispute Resolution Centers (DRCs) for amounts received as a contribution from federal, state, or local governments and nonprofit organizations for providing dispute resolution services. A nonprofit organization may deduct from the measure of tax amounts received from federal, state, or local governments for distribution to a DRC.

A qualifying DRC must be organized under the statutes that authorize municipalities, counties, and nonprofit organizations to create DRCs. Qualifying DRCs must provide services without charge to participants or for a fee based on ability to pay.

The bill applies prospectively as well as retroactivity.

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:

None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.