
**Technology & Economic Development
Committee**

HB 1303

Brief Description: Extending the business and occupation tax credit for research and development.

Sponsors: Representatives Morris, Angel, Orcutt, Haler, Hurst, Liias, Kochmar and McCoy.

Brief Summary of Bill

- Extends the high technology research and development business and occupation tax credit to January 1, 2035.

Hearing Date: 1/17/14

Staff: Kelly Leonard (786-7147).

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. A business may have more than one B&O tax rate, depending on the types of activities conducted.

There are a number of different rates. The main rates are: 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, and activities not classified elsewhere.

State law allows a B&O tax credit for high technology research and development (R&D) expenditures, including in the fields of advanced computing, advanced materials, biotechnology, electronic device technology, and environmental technology. The credit is provided to businesses and qualifying non-profit organizations that make R&D expenditures in excess of 0.92 percent of

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taxable income. No entity may take more than \$2 million a year in credit. The credit program expires on January 1, 2015.

Summary of Bill:

The expiration date for the high technology research and development business and occupation tax credit is extended from January 1, 2015, to January 1, 2035.

Appropriation: None.

Fiscal Note: Available from 2013

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