

# ANALYSIS OF HB 1791

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*House Agriculture & Ecology Committee  
1997*

*February 17,*

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## **BACKGROUND:**

*Four of the types of activities upon which a business and occupation (B&O) tax is levied are manufacturing, selling at wholesale, selling at retail, and providing services. The base B&O tax rate on manufacturing and selling at wholesale is 0.484%. (RCW 82.04.240 and 82.04.270.) The base B&O tax rate retailers is 0.471%. (RCW 82.04.250.) The B&O tax on business service activities varies from a rate of 0.275% for international investment management services to 2.0% for general business services. The tax is on the gross income or gross proceeds of sales of the service. (RCW 82.04.290.) A surcharge of 4.5% times the base B&O tax rate for a number of activities is imposed until June 30, 1997. (RCW 82.04.2201.)*

## **SUMMARY:**

*The B&O tax laws do not apply to a person's business activity conducted for an agricultural commodity board or commission created under the Agricultural Enabling Act of 1955 or 1961 or directly by statute, under certain circumstances. B&O taxes do not apply if:*

- the activity is approved by a referendum conducted by the commission;*
- the person is specified in referendum information distributed by the commission as a person who is to conduct the activity; and*
- the referendum is conducted in the manner prescribed by the statutes governing the commission for approving assessments or expenditures, or activities of the commission.*