

# SENATE BILL REPORT

## SB 5531

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As of February 5, 1997

**Title:** An act relating to a business and occupation or public utility tax credit for persons making contributions to public institutions of higher education in this state.

**Brief Description:** Allowing tax credits for contributions to public institutions of higher education.

**Sponsors:** Senators West, Wood, Finkbeiner, Bauer, Jacobsen, Hale, Patterson, Oke and Winsley.

**Brief History:**

**Committee Activity:** Higher Education: 2/6/97.

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Staff:** Jean Six (786-7423)

**Background:** Some people claim that a decline in public support for basic and applied research is a threat to the development of new products through scientific discoveries. Fundamental research leading to many technological advances often begins on the campuses of our colleges and universities. The Washington Roundtable has recommended that the state's higher education institutions should develop a coordinated strategy to collaborate with the high-tech sector.

In 1994 Washington enacted tax incentives to attract the in-state location of high technology companies that conduct applied and commercial research and development. These activities require a constant stream of new ideas. It may be that the decline in federal funding for basic research creates an opportunity for the creation of public-private partnerships.

**Summary of Bill:** Persons making contributions to eligible institutions of higher education in the state of Washington are provided a business and occupation tax credit or a utility tax credit for new contributions above levels given in previous years.

Contributions mean a gift of cash or tangible personal property that qualifies as a charitable contribution as defined in 26 U.S.C. 170(c) and that is used by the higher education institutions for the purposes of promoting study or research in specific fields. Promoting study or research includes, but is not limited to, funding basic research, endowing a faculty chair, funding recruitment and retention, and establishing scholarships.

Applications are approved on a first-come first-served basis. Credits must be pre-approved by the Department of Revenue to ensure that the \$60 million biennial cap is not exceeded. A formula is designated for computing the tax credit.

**Appropriation:** None.

**Fiscal Note:** Requested on February 2, 1997

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