

SENATE BILL REPORT

SB 5828

As of February 14, 1997

Title: An act relating to business and occupation tax exemptions for wholesale transactions involving motor vehicles at auctions.

Brief Description: Providing business and occupation tax exemptions for wholesale car auctions.

Sponsors: Senators Hale, Snyder and Sheldon.

Brief History:

Committee Activity: Ways & Means: 2/18/97.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Terry Wilson (786-7433)

Background: Washington's major business tax is the business and occupation (B&O) tax. Although there are several different rates, the rate on manufacturing, wholesaling, and extracting is 0.506 percent.

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. Out-of-state companies that bring goods into Washington and sell these goods in Washington are subject to the B&O tax.

Summary of Bill: A B&O tax exemption is provided for amounts received by motor vehicle manufacturers and their financing subsidiaries from the sale of motor vehicles at wholesale auctions to dealers licensed in this or another state.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.