

SENATE BILL REPORT

SB 6728

As Passed Senate, February 16, 1998

Title: An act relating to the taxation of activities conducted for hop commodity commissions or boards.

Brief Description: Providing tax exemptions for activities conducted for hop commodity commissions or boards.

Sponsors: Senators Newhouse, Loveland, Morton, Rasmussen, Deccio and Schow.

Brief History:

Committee Activity: Ways & Means: 2/5/98, 2/9/98 [DP].
Passed Senate, 2/16/98, 47-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators West, Chair; Strannigan, Vice Chair; Bauer, Fraser, Hochstatter, Long, Loveland, McDonald, Roach, Rossi, Schow, B. Sheldon, Snyder, Spanel, Swecker, Winsley and Zarelli.

Staff: David Schumacher (786-7474)

Background: The business and occupation tax (B&O) is levied for the privilege of doing business in Washington. The tax is levied on the gross receipts of all business activities (except utility activities) conducted within the state.

Although there are several different rates, beginning July 1, 1998 the principal rates will be as follows:

Manufacturing/wholesaling	0.484%
Retailing	0.471%
Services	1.5%

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. Thus, the tax pyramids at each level of activity.

Summary of Bill: The B&O tax does not apply to a nonprofit organization with respect to amounts received from a hop commodity board or commission.

Appropriation: None.

Fiscal Note: Requested on January 30, 1998.

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

Testimony For: This bill will allow us to spend the money for the benefit of the industry rather than on taxes. While this may seem to be a small amount of money, it is very important to us.

Testimony Against: None.

Testified: Sean McGree, Hop Growers of America (pro); Steven George, Hop Growers of Washington (pro).