

HOUSE BILL ANALYSIS

HB 2250

Brief Description: Requiring that some of the business and occupation taxes derived from gambling activities be deposited in the fair fund.

Brief Summary of Bill

- Deposits \$2 million of the business and occupation tax revenue from gambling activities in the Fair Fund during fiscal year 2000.

Background:

Washington's major business tax is the business and occupation (B&O) tax. This tax is imposed on the gross receipts of business activities conducted within the state. Deductions for the costs of doing business are not allowed. Currently, there are six different B&O tax rates. The three principal rates are:

<i>Manufacturing, wholesaling, & extracting</i>	<i>0.484 percent</i>
<i>Retailing</i>	<i>0.471 percent</i>
<i>Services</i>	<i>1.5 percent</i>

The tax rate depends on the type of business activity. Gambling activities including card rooms, punch boards, pull tabs and bingo are taxed under the service and other category at 1.5 percent. In state fiscal year 1998, an estimated \$4.1 million in state B&O taxes were paid by businesses for these gambling activities.

The state agricultural fair fund provides revenues to agricultural fairs sponsored by governmental entities or nonprofit organizations. These fairs include Future Farmers of America (FFA) and 4-H youth shows, county fairs, community fairs, and area fairs. Moneys are distributed by the director of the Department of Agriculture based on the recommendation of a seven-member fair commission.

Summary:

Two million dollars of money collected from the business and occupation tax on gambling activities is deposited in the fair fund during state fiscal year 2000. In subsequent fiscal years the amount deposited may increase by the fiscal growth factor.

Appropriation: None.

Effective Date: The bill takes effect on August 1, 1999.

Fiscal Note: Requested March 3, 1999.