

Finance Committee

HB 2146

Brief Description: *Providing an excise tax exemption for motion picture and video production businesses.*

Sponsors: *Representatives Gombosky and Cox.*

Brief Summary of Bill

- *Exempts motion picture and video production businesses from the business and occupation tax.*

Hearing Date: *3/8/01*

Staff: *Rick Peterson (786-7150).*

Background:

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

Although there are several different rates the principal rates are: manufacturing/wholesaling - 0.484 percent; retailing - 0.471 percent; and service and other activities - 1.5 percent.

In 1995, Legislature adopted a sales and use tax exemption for the rental of production equipment and the sales of production services to motion picture or video production businesses.

Motion picture and video production businesses generally pay business and occupation at the 1.5 percent service and other tax rate.

Summary of Bill:

Motion picture and video production businesses are exempt from the business and occupation tax.

Appropriation: *None.*

Fiscal Note: *Available.*

Effective Date: *The bill takes effect on August 1, 2001.*