
Finance Committee

HB 2110

Brief Description: Creating a uniform business and occupation tax rate.

Sponsors: Representative Haler.

Brief Summary of Bill

- Consolidates most business and occupation tax rates to one rate at 0.2904 percent.

Hearing Date: 1/21/14

Staff: Dominique Meyers (786-7150).

Background:

Washington's major business tax is the business and occupation (B&O) tax. 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. Businesses must pay B&O tax even though they may not have any profits or may be operating at a loss. A business may have more than one B&O tax rate, depending on the types of activities conducted. Major tax rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for services, and activities not classified elsewhere. Several lower rates also apply to specific business activities. There are currently 12 B&O tax rates for 51 business tax classifications.

Summary of Bill:

This bill consolidates most of the major B&O rates and preferential B&O rates to one consolidated rate of 0.2904 percent.

Appropriation: None.

Fiscal Note: Available.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.