

# SENATE BILL REPORT

## SHB 2778

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As Reported By Senate Committee On:  
International Trade & Economic Development, February 21, 2006  
Ways & Means, February 27, 2006

**Title:** An act relating to the business and occupation taxation of payments and contributions to nonprofit convention and tourism promotion corporations by public entities.

**Brief Description:** Exempting certain amounts received by nonprofit convention and tourism promotion corporations from business and occupation tax.

**Sponsors:** House Committee on Finance (originally sponsored by Representatives Murray, Kristiansen, Dickerson, Clements, Chase, McDonald and Dunn).

**Brief History:** Passed House: 2/14/06, 96-0.

**Committee Activity:** International Trade & Economic Development: 2/16/06, 2/21/06 [DPA-WM].

Ways & Means: 2/24/06, 2/27/06 [DPA(ITED)].

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### SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Shin, Chair; Sheldon, Vice Chair; Pflug, Ranking Minority Member; Doumit, Eide, Roach and Zarelli.

**Staff:** Jack Brummel (786-7428)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended by Committee on International Trade & Economic Development.

Signed by Senators Prentice, Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

**Staff:** Terry Wilson (786-7433)

**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. Since the B&O tax is not based on profit, nonprofit organizations are not automatically exempt from the tax. Nonprofits are allowed deductions from gross income for a variety of receipts, including funds received from public entities for artistic or cultural activities or for salmon restoration purposes.

**Summary of Amended Bill:** B&O taxes are not applied to a nonprofit organization's income received from state and local governments, federally recognized Indian tribes, or public corporations for promoting conventions and tourism.

**Amended Bill Compared to Original Bill:** Federally recognized Indian tribes were added as entities from which nonprofits may receive funds for the promotion of conventions and tourism without B&O taxes applying.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Testimony For (International Trade & Economic Development):** This bill is aimed at making sure that all the money intended for tourism promotion is used for tourism promotion.

**Testimony Against (International Trade & Economic Development):** None.

**Who Testified (International Trade & Economic Development):** PRO: Becky Bogard, WA assoc. of Convention and Visitors Bureaus, Seattle Convention and Visitors Bureau.

**Testimony For (Ways & Means):** Audits have been inconsistent. The money should all go to tourism, not to taxes.

**Testimony Against (Ways & Means):** None.

**Who Testified (Ways & Means):** PRO: Becky Bogard, WA assoc. of Convention and Visitors Bureaus, Seattle Convention and Visitors Bureau.