

# HOUSE BILL REPORT

## HB 1557

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**As Reported by House Committee On:**  
Finance

**Title:** An act relating to tax incentives for emergency preparedness at retail gasoline stations.

**Brief Description:** Providing a business and occupation tax credit for the purchase of alternative power generation devices to operate gasoline service station pumps.

**Sponsors:** Representatives Rodne, Lovick, Haler, Springer, Strow, Sells, Jarrett, Hurst, Linville, Ormsby, Hudgins and Dunn.

**Brief History:**

**Committee Activity:**

Finance: 2/6/07, 3/2/07 [DP].

**Brief Summary of Bill**

- Allows a business and occupation tax credit for gasoline service stations equal to 50 percent of the cost for an electrical generator up to a maximum credit of \$15,000.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

**Staff:** Rick Peterson (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. Revenues are deposited in the State General Fund. A business may have more than one B&O tax rate, depending on the types of activities conducted. There are a number of different rates. The main rates are: 0.471 percent for

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retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, and activities not classified elsewhere.

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**Summary of Bill:**

A B&O tax credit is allowed for gasoline service stations equal to 50 percent of the cost for an electrical generator. The credit cannot exceed \$15,000.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on August 1, 2007.

**Staff Summary of Public Testimony:**

(In support) The week of power outages in December demonstrated that continued operations of service stations during these times is critical to maintaining stability and order in our society. The appropriate response is to provide incentives for service stations to invest in backup power capabilities, rather than mandating them to do so. Service station operators have a small profit margin and would lose money if they installed backup power sources without a tax exemption.

(Opposed) None.

**Persons Testifying:** Representative Rodne, prime sponsor; and Tim Hamilton, Automotive United Trades Organization.

**Persons Signed In To Testify But Not Testifying:** None.