

SENATE BILL REPORT

SB 6318

As of February 3, 2014

Title: An act relating to providing greater small business assistance by modifying the filing threshold for business and occupation tax purposes.

Brief Description: Providing greater small business assistance by modifying the filing threshold for business and occupation tax purposes.

Sponsors: Senators O'Ban, Rivers, Braun, Benton, Dammeier, Angel, Fain, Bailey, Honeyford, Becker, Holmquist Newbry, Roach, Sheldon, McAuliffe, Mullet, McCoy, Hobbs, Cleveland, Rolfes, Hargrove, Hewitt, Hasegawa, Kohl-Welles, Chase, Conway, Hatfield, Litzow, Brown, Schoesler, Tom, Keiser, Fraser, Ranker, Darneille, Parlette and Billig; by request of Governor Inslee.

Brief History:

Committee Activity: Trade & Economic Development: 1/23/14, 1/30/14 [DPS-WM].
Ways & Means: 1/20/14 [w/oRec-TRED]; 2/05/14.

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: That Substitute Senate Bill No. 6318 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Braun, Chair; Angel, Vice Chair; Chase, Ranking Member; Baumgartner, Holmquist Newbry and Pedersen.

Staff: Jeff Olsen (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

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. In lieu of the B&O tax, gross income derived from the operation of public and privately owned utilities is subject to the public utilities tax. Businesses are not required to file returns if the value of products, gross proceeds of sales, or gross business income is less than \$28,000 per year for the B&O tax, or \$24,000 for the public utility tax. However, persons having taxable income under business services and operation of gambling contests of

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chance are not required to file returns with the Department of Revenue (Department) if their gross income is less than \$46,667 and they derive at least 50 percent of their income from those activities. However, all businesses must register and pay taxes with the Department if the business is required to collect sales tax or the business is required to pay any other taxes or fees to the Department.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill: The minimum filing threshold for a person to file an excise tax return with the Department is increased to \$50,000.

Appropriation: None.

Fiscal Note: Requested on January 14, 2014.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2014.

Staff Summary of Public Testimony (Trade & Economic Development): PRO: This is a small step that helps deal with the tremendous burden we place on our businesses, allowing employees to focus on being productive and furthering their business. This helps small businesses by reducing their B&O tax, simplifies and unifies the tax code, and reduces regulatory and compliance burden. Local B&O tax consistency is not addressed in this bill.

OTHER: While small businesses appreciate the bill, this is only a paperwork reduction or a modest tax reduction, not a jobs bill. This bill impacts small businesses with gross income of \$50,000 or less, and may provide minimal tax savings, which is not likely to create a job.

Persons Testifying (Trade & Economic Development): PRO: Senator O'Ban, prime sponsor; Kelly Ogilvie, Senior Policy Advisor, Governor's Office; Amber Carter, Assn. of WA Business.

OTHER: Patrick Connor, National Federation of Independent Business, WA.