

SENATE BILL REPORT

SB 5313

As Reported by Senate Committee On:
Early Learning & K-12 Education, February 6, 2017

Title: An act relating to the funding of civics education and campaign compliance.

Brief Description: Concerning the funding of civics education and campaign compliance.

Sponsors: Senators Fain, Billig, Hasegawa, Keiser, Zeiger, Carlyle, Mullet and Pedersen.

Brief History:

Committee Activity: Early Learning & K-12 Education: 1/26/17, 2/06/17 [DPS-WM].

Brief Summary of Substitute Bill

- Removes from current law the tax deduction for political donations or contributions.
- Directs the Department of Revenue (DOR) to annually estimate the amount of revenue resulting from the removal of the tax deduction.
- Requires the Legislature to appropriate the amount identified by the DOR to the Secretary of State to contract with a nonprofit to develop and implement a civics program for middle, secondary, and post-secondary students, and adults; and to the Public Disclosure Commission to improve compliance systems and investigations.

SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

Majority Report: That Substitute Senate Bill No. 5313 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Zeiger, Chair; Rolfes, Ranking Minority Member; Billig, Mullet, Rivers and Warnick.

Staff: Susan Mielke (786-7422)

Background: Washington State taxes businesses and occupations using 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

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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. The tax rates for the major B&O classifications are as follows:

- retailing, 0.471 percent;
- wholesaling, 0.484 percent;
- manufacturing, 0.484 percent; and
- service and other activities, 1.5 percent.

Currently law specifies allowable deductions from the Service and Other Activities B&O tax, including political donations and contributions.

Summary of Bill (First Substitute): The B&O tax deduction does not apply to donations or contributions received by a candidate, political committee, caucus political committee, or bona fide political party; or any other person having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or ballot proposition.

The additional revenue from the elimination of the deduction for campaign related donations and contributions is to be appropriated by the Legislature for the following purposes:

- to the Secretary of State to contract with a nonprofit organization to develop and implement a civics curricular program for middle, secondary, postsecondary students, and adult groups that promote competent and responsible participation in local and state government; and
- to the Public Disclosure Commission to develop and improve compliance systems and investigations.

EFFECT OF CHANGES MADE BY EARLY LEARNING & K-12 EDUCATION COMMITTEE (First Substitute):

- Inserts a missing subsection number.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: There is a significant gap, a crevasse, in the knowledge that students have about civic learning because in too many schools social studies programs are gone. This bill provides resources to do teach students and adults about civics.

Persons Testifying: PRO: Ralph Munroe, former Secretary of State; Marlin Appelwick, Council on Public Legal Education.

Persons Signed In To Testify But Not Testifying: No one.