

# SENATE BILL REPORT

## SB 5738

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As Reported by Senate Committee On:  
Ways & Means, April 3, 2017

**Title:** An act relating to making a technical correction in Engrossed Substitute Senate Bill No. 6057 from 2015 to provide that the business and occupation tax rate for newspapers takes effect as of July 1, 2015.

**Brief Description:** Making a technical correction in Engrossed Substitute Senate Bill No. 6057 from 2015 to provide that the business and occupation tax rate for newspapers takes effect as of July 1, 2015.

**Sponsors:** Senator Schoesler.

**Brief History:**

**Committee Activity:** Ways & Means: 3/30/17, 4/03/17 [DP, DNP, w/oRec].

<p style="text-align: center;"><b>Brief Summary of Bill</b></p> <ul style="list-style-type: none"><li>• Changes the effective date of the last extension of the business and occupation tax rate for newspapers.</li></ul>
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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital Budget; Bailey, Becker, Billig, Conway, Darneille, Fain, Keiser, Miloscia, Padden, Pedersen, Rivers, Schoesler, Warnick and Zeiger.

**Minority Report:** Do not pass.

Signed by Senators Ranker, Ranking Minority Member; Hasegawa.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Carlyle.

**Staff:** Dean Carlson (786-7305)

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*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.*

**Background:** Business and Occupation Tax. 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. 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.

Business and Occupation Tax Rate for Newspapers. The Legislature temporarily revised the definition of newspaper to include electronic versions of newspapers on several occasions. As a result, both the online version of the newspaper and the physical version of the newspaper are taxed at the B&O rate of 0.35 percent. During the 2015 Legislative session, B&O rates were extended until July 1, 2024. The relevant section of the act was not effective until September 1, 2015. As a result, the rate of 0.35 percent did not apply for the first two months of the 2015-17 biennium.

**Summary of Bill:** The effective date for the B&O tax rate of 0.35 percent is changed from September 1, 2015, to July 1, 2015. This is remedial and retroactive to July 1, 2015, therefore, covering the two month rate gap.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill is remedial and curative and applies retroactively to July 1, 2015.

**Staff Summary of Public Testimony:** PRO: The bill just closes a two month gap in the tax preferences that the newspapers receive. The gap occurred at the end of session in 2015. There was supposed to be a seamless transition.

OTHER: We just wanted to make you aware that the newspapers that have paid the tax will not be able to receive a refund.

**Persons Testifying:** PRO: Senator Mark Schoesler, Prime Sponsor; Rowland Thompson, Allied Daily Newspapers of Washington.

OTHER: David Duvall, Leg Liaison / Washington State Department of Revenue.

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