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**Rural Development, Agriculture, &  
Natural Resources Committee**

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**HB 1348**

**Brief Description:** Helping Washington businesses succeed by modifying certain business and occupation tax provisions.

**Sponsors:** Representatives Chapman, Maycumber, Springer, Tharinger, Steele and Morris.

**Brief Summary of Bill**

- Reduces the business and occupation (B&O) tax rate for manufacturers, printers of materials other than newspapers, and publishers of periodicals.
- Extends the expiration date of the timber and wood products preferential B&O tax rate.

**Hearing Date:** 1/30/19

**Staff:** Robert Hatfield (786-7117).

**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 all taxable business activities conducted within the state, unless otherwise exempt. There is no deduction for the costs of doing business. Revenues are deposited in the State General Fund. There are several rate categories, and a business may be subject to more than one B&O tax rate, depending on the types of activities conducted. Business and occupation taxes are collected by the Department of Revenue.

Major B&O tax rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for services and for activities not classified elsewhere.

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Several preferential rates also apply to specific business activities. Extraction, production, and wholesaling of timber and wood products are subject to a preferential B&O tax rate of 0.2904 percent. The timber and wood products preferential tax rate is currently set to expire January 1, 2024.

The current B&O tax rate for printing of materials other than newspapers, and for publishing periodicals or magazines, is 0.484 percent.

**Summary of Bill:**

The general manufacturing, wholesaling, and retailing B&O tax rates for manufacturers, processors for hire, printers of materials other than newspapers, and publishers of periodicals, are reduced incrementally over the course of 11 years. The rates will be phased in as follows:

- 0.2904 percent on the first \$50 million of the total amount subject to the B&O tax, through December 31, 2029;
- 0.484 percent on the total amount subject to the B&O tax that exceeds \$50 million, through January 1, 2030; and
- 0.2904 percent, beginning January 21, 2030.

The expiration date of the reduced B&O tax rate associated with certain timber products is extended from July 1, 2024 to July 1, 2056.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.