

FINAL BILL REPORT

EHB 1450

C 13 L 91

Synopsis As Enacted

Brief Description: Providing a business and occupation tax credit for services provided by a public safety testing lab.

By Representatives Peery, H. Myers, Morris and Cooper.

House Committee on Revenue

Senate Committee on Ways & Means

Background: Nonprofit organizations pay business and occupation (B&O) tax unless specifically exempted by statute. Exemption from federal income tax does not automatically provide exemption from state taxes. Most nonprofit organizations pay B&O tax at the services rate of 1.5 percent.

Summary: Nonprofit corporations that test for public safety may receive a credit against their B&O tax liability. The credit is equal to the value of services and information related to setting of standards and testing for public safety provided to the state. The services must be provided without charge. To qualify for the credit, the corporation must be organized and operated for the purpose of setting standards and testing for public safety; exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986; and organized with no direct or indirect industry affiliation.

The credit may not exceed the amount of tax owed. Any unused credit may be carried forward a maximum of one year.

Votes on Final Passage:

House	98	0
Senate	45	2

Effective: July 1, 1991