

VETO MESSAGE ON HB 1791-S

May 19, 1997

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington  
Ladies and Gentlemen:

I am returning herewith, without my approval, Substitute House Bill No. 1791 entitled:

"AN ACT Relating to the taxation of activities conducted for an agricultural commodity commission or board;"

Substitute House Bill No. 1791 would exempt from the Business and Occupation (B&O) tax, business activity conducted for an agricultural commodity commission or board created by statute, if the activity is approved by a referendum conducted by the commission or board.

This bill was drafted narrowly in order to restrict the exemption to income paid to a non-profit organization to advertise the agricultural products of the commodity commission. Although the current bill is narrow, it sets a precedent for future exemptions of a similar nature. Other state agencies including the Department of Social and Health Services and the Department of Community, Trade and Economic Development also contract with non-profit entities to carry out programs that advance state goals and purposes. These departments and non-profit entities could view this exemption as an invitation to seek similar tax treatment.

For these reasons, I have vetoed Substitute House Bill No. 1791 in its entirety.

Respectfully submitted,  
Gary Locke  
Governor