

HOUSE BILL REPORT

HB 1129

As Reported by House Committee On:
Finance

Title: An act relating to the excise taxation of zoos.

Brief Description: Providing excise tax relief for zoos.

Sponsors: Representatives Dickerson and McIntire.

Brief History:

Committee Activity:

Finance: 2/2/07, 3/2/07 [DP].

Brief Summary of Bill

- Exempts nonprofit organizations that operate publicly owned zoos from business and occupation tax.
- Exempts nonprofit organizations that operate publicly owned zoos from sales and use tax on objects used for zoological exhibitions.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

Staff: Rick Peterson (786-7150).

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 business activities conducted within the state, without any deduction for the costs of doing business. The tax is imposed on the gross receipts from all business activities conducted within the state. Revenues 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 rate for most types of businesses that provide services is 1.5 percent.

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.

The retail sales tax applies to the selling price of tangible personal property and of certain services purchased at retail. The use tax is imposed on taxable items and services used in the state that were not subject to the retail sales tax. The sales and use tax is levied at a 6.5 percent rate by the state. Cities, counties, and other local districts may levy a local tax. The total rate ranges from 7 percent to 8.9 percent.

Nonprofit organizations are also generally subject to the B&O and sales and use taxes. However, nonprofit artistic and cultural organizations are not taxed on income from business activities and income received from governments. They are also exempt from sales and use tax on objects of art, items with cultural value, objects used to create art, and items used to display art or to present cultural performances.

Summary of Bill:

Nonprofit organizations that operate publicly owned zoos are exempt from B&O tax on income received from business activities at the zoo. They are also exempt from tax on income received from governments to support zoological exhibitions, presentations, performances, and education programs. The value of articles manufactured by the nonprofit organization for use by the zoo in displaying or presenting zoological exhibitions is exempt from the B&O tax.

Nonprofit organizations that operate publicly owned zoos are exempt from sales and use tax on objects used in displaying or presenting zoological exhibitions, presentations, performances, and education programs.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This legislation seeks to designate the Woodland Park Zoo as a cultural treasure for our state. The Legislature has allowed tax exemptions for nonprofit organizations that have art and cultural exhibits for the benefit of the public. Now the Department of Revenue, while acknowledging the value of the zoo, says that the zoo does not fit the definition of a cultural or artistic organization. This will grant the zoo the same tax status as other similar organizations. This committee unanimously passed this bill out last year. Please do so again.

For over 100 years, the zoo has provided the public with a unique cultural, artistic, and educational opportunity. This bill will grant the zoo the same tax status as other cultural venues, such as the Pacific Science Center and Seattle Art Museum already enjoy. The fiscal impact on the state is minimal, but will ensure that the zoo will keep tens of thousands of dollars in the future to build new exhibits and educational programs.

(Opposed) None.

Persons Testifying: (In support) Representative Dickerson, prime sponsor; and Erin Walker, Woodland Park Zoo Society.

Persons Signed In To Testify But Not Testifying: None.