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**Finance Committee**

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**HB 1129**

**Brief Description:** Providing excise tax relief for zoos.

**Sponsors:** Representatives Dickerson and McIntire.

**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.

**Hearing Date:** 2/2/07

**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.

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 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

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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.