
Finance Committee

HB 2585

Brief Description: Concerning the business and occupation taxation of newspaper-labeled supplements.

Sponsors: Representatives McIntire and Kessler.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Taxation of newspapers - reduction in tax rate for web-based editions.
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Hearing Date: 1/22/08

Staff: Don Taylor (786-7388).

Background:

Printing and publishing is subject to the state business and occupation (B&O) tax at a rate of 0.484 percent. This includes printing or publishing of newspapers, magazines, books, music and similar items. The tax applies to the gross receipts of the business, including subscription sales, newsstand sales, advertising income, and other income.

In recent years, newspapers have begun to post materials from their hard-copy editions on the Internet. The Department of Revenue considers any income derived from this activity to not constitute printing or publishing. Thus, advertising income received by newspapers for their web-based materials is subject to B&O tax under the service classification at a rate of 1.5 percent.

Summary of Bill:

The definition of newspaper for B&O tax purposes is amended to add "any newspaper-labeled supplement produced in any media." This would include material posted on the Internet. As a result, advertising income related to web-based newspaper material would become subject to the 0.484 percent printing and publishing tax rate, instead of the 1.5 percent service rate.

Appropriation: None.

Fiscal Note: Available.

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.

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