
Finance Committee

HB 1861

Brief Description: Creating a business and occupation tax deferral program for small businesses.

Sponsors: Representatives Harmsworth, Muri, Stokesbary, Griffey, Nealey, Vick, Hayes, Buys, Hargrove, Van Werven, Wilson and Magendanz.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Allows new small businesses to defer their business and occupation tax liability.

Hearing Date: 2/13/15

Staff: Richelle Geiger (786-7175).

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. There are several rate categories, and a business may be subject to more than one B&O tax rate, depending on the types of activities conducted.

Summary of Bill:

Beginning with taxes due and payable in calendar year 2016, new small businesses may defer all or a portion of their business and occupation taxes for up to two calendar years. A small business may not defer taxes that were previously deferred. Deferred taxes must be repaid or due by January 25 of the sixth calendar year subsequent to the calendar year taxes were first deferred.

To qualify for the deferral, a business must have operated in Washington for less than a year at the time they apply for the deferral and report a gross income of less than \$500,000 a year.

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.

Appropriation: None.

Fiscal Note: Requested on February 3, 2015.

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