

SENATE BILL REPORT

SHB 1619

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, March 31, 2015

Title: An act relating to providing a business and occupation tax exemption for environmental handling charges.

Brief Description: Providing a business and occupation tax exemption for environmental handling charges.

Sponsors: House Committee on Finance (originally sponsored by Representatives S. Hunt, Nealey, Fitzgibbon and Pollet).

Brief History: Passed House: 3/03/15, 79-18.

Committee Activity: Energy, Environment & Telecommunications: 3/17/15, 3/31/15 [DP].

SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

Majority Report: Do pass.

Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; McCoy, Ranking Minority Member; Braun, Brown, Cleveland, Habib, Honeyford and Ranker.

Staff: Jan Odano (786-7486)

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. Revenues are deposited in the state general fund.

In 2014 the Legislature passed ESHB 2246, regarding financing for stewardship of mercury-containing lights. This legislation, in part, requires all producers of mercury-containing lights to participate in a stewardship program operated by a stewardship organization. The stewardship organization must pay for all costs related to the stewardship program, and pay \$5,000 per producer to Ecology for their administration and enforcement costs.

The legislation provided that the costs of the program must be covered by an environmental handling charge that is added to the price of mercury-containing lights. Retailers must add the environmental handling charge to the cost of the lights they sell at retail. Retailers may retain a portion of the environmental handling charge to defray their handling charge

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collection and remittance costs if they have a voluntary agreement with a stewardship organization to directly remit environmental handling charges to the stewardship organization, rather than to light producers. The environmental handling charge is determined by the stewardship organization in consultation with producers, collectors, recyclers, and retailers.

Summary of Bill: An exemption to the B&O tax is provided to producers, retailers, and stewardship organizations for environmental handling charges that are added to the purchase price of mercury-containing lights; retained by a retailer as reimbursement for costs associated with collection and remittance of an environmental handling charge; or received by a stewardship organization from a producer or retailer.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This addresses a technical issue that was unforeseen when the original bill was developed. It was not intended to make the environmental handling charge subject to B&O tax.

Persons Testifying: PRO: Charlie Brown, National Electrical Manufacturers Assn.

Persons Signed in to Testify But Not Testifying: PRO: Carolyn Logue, WA Food Industry Assn.