

---

**Finance Committee**

---

**HB 1579**

**Brief Description:** Concerning a business and occupation tax exemption for nonprofit organizations that provide legal services to low-income individuals.

**Sponsors:** Representatives Appleton, Hasegawa and Nelson.

**Brief Summary of Bill**

- Exempts from the business and occupation (B&O) tax, nonprofit organizations that primarily provide legal services to low-income individuals.

**Hearing Date:** 2/5/09

**Staff:** Joseph Archuleta (786-7192)

**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. Major tax rates are 0.484 percent for manufacturing and wholesaling, 0.471 percent for retailing, and 1.5 percent for services; several lower rates also apply to specific business activities.

Specific B&O exemptions exist for several types of profit and nonprofit organizations. The eligibility conditions vary for each exemption. The term "exemption" is used broadly to include a wide variety of tax preference items, which reduces tax liability upon a certain class of taxpayers. It includes exclusions, deductions, preferential tax rates, deferrals, and credits.

**Summary of Bill:**

Exempts from the business and occupation (B&O) tax, nonprofit organizations that primarily provide legal services to low-income individuals.

---

*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.

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