
Finance Committee

HB 2182

Brief Description: Reducing the business and occupation tax rate for retailers, wholesalers, and service providers of motor vehicles.

Sponsors: Representatives Condotta, Ericks, Blake, Hope, Dammeier, Kelley and Kristiansen.

Brief Summary of Bill

- Reduces the business and occupation tax rate for retailers, wholesalers, and service providers of motor vehicles.

Hearing Date: 2/24/09

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. Revenues are deposited in the State General Fund. Depending on the types of activities conducted, a business may have more than one B&O tax rate. There are a number of different rates. The main rates are: 0.471 percent for retailing, 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5 percent for professional and personal services, as well as activities not classified elsewhere.

Summary of Bill:

Reduces the business and occupation tax rate until July 1, 2024 in the following manner:

- reduces the tax rate on sales at wholesale of new motor vehicles from 0.484 percent to 0.2904 percent;
- reduces the tax rate on sales at retail of new motor vehicles from 0.471 percent to 0.2904 percent and;

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- reduces any activity associated with the wholesale or retail sale of new motor vehicle activities from 1.5 percent to 0.2904 percent.

Activities associated with the wholesale or retail sale of new motor vehicles includes any persons engaged in the business of rendering any type of associated service which does not constitute a "sale at retail" or a "sale at wholesale." For example, this would include advertising, demonstration, and promotional supplies and services, including materials furnished to an agent by a supplier to be used for informational and educational purposes.

Appropriation: None.

Fiscal Note: Requested.

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