

# SENATE BILL REPORT

## SB 6232

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As of January 25, 2016

**Title:** An act relating to the funding of civics education and campaign compliance.

**Brief Description:** Concerning the funding of civics education and campaign compliance.

**Sponsors:** Senators Fain, Pedersen, Litzow, McAuliffe, Braun, Carlyle, Hill, Miloscia and Chase.

**Brief History:**

**Committee Activity:** Early Learning & K-12 Education: 1/21/16.

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### SENATE COMMITTEE ON EARLY LEARNING & K-12 EDUCATION

**Staff:** Susan Mielke (786-7422)

**Background:** Washington State taxes businesses and occupations using 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. A business may have more than one B&O tax rate, depending on the types of activities conducted. The tax rates for the major B&O classifications are as follows: Retailing, 0.471 percent; Wholesaling, 0.484 percent; Manufacturing, 0.484 percent; and Service and Other Activities, 1.5 percent.

Current law allows a deduction from the Service and Other Activities B&O tax for initiation fees, dues, contributions, donations, certain charges by nonprofits, charges for private kindergarten, and endowment funds. This deduction includes political donations and contributions.

**Summary of Bill:** The B&O tax deduction does not apply to donations or contributions received by a candidate, political committee, caucus political committee or bona fide political party; or any other person having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or ballot proposition.

The additional revenue from the elimination of the deduction for campaign related donations and contributions is to be appropriated by the Legislature for the following purposes:

1. to the Secretary of State to contract with a nonprofit organization to develop and implement a civics curricular program for middle, secondary, postsecondary

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- students, and adult groups that promote competent and responsible participation in local and state government; and
2. to the Public Disclosure Commission to develop and improve compliance systems and investigations.

**Appropriation:** None.

**Fiscal Note:** Requested on January 19, 2016. [OFM requested ten-year cost projection pursuant to I-960.]

**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: In recent years, the state has had inadequate resources going to civics education. The PDC has also received inadequate resources, which has been deleterious to the PDC's ability to regulate campaign activities. In an environment where revenues are tight, who better to tax than politicians. This bill has three benefits: it will enhance and could expand our civics programs, improve PDC's ability to investigate complaints in a timely manner, and requires every candidate for public office to fill out a B&O tax form, which will be a new experience to participate in this process.

Persons Signed In To Testify But Not Testifying: No one.

**Persons Testifying:** PRO: Senator Fain, prime sponsor.