

Tax Package Overview - Conference Amendment to 2ESSB 6143/Other Legislation

\$ in Millions			<u>2009-11</u>	<u>2011-13</u>	<u>Notes</u>
Description	Part	Eff. Date			
0.30% B&O Tax Rate Increase on All Services Except Hospitals, Scientific R&D (Expires June 30, 2013)	11	5/1/10	\$241.9	\$483.1	20% Increase in total tax due; Includes permanent doubling of small business B&O credit and increase in reporting threshold for service business from \$28,000 to \$46,667
B&O Tax Increase on Direct Sellers	4	5/1/10	\$155.0	\$199.4	Dot Foods Court Case; Complete repeal of exemption as of May 1, 2010
Cigarette and Other Tobacco Tax Increases (HB 2493)	-	5/1/10	\$101.4	\$197.8	\$1.00 per pack for cigarettes; OTP from 75% to 95% of wholesale price, 65-cent cap for cigars, weight-based tax for moist snuff
B&O Tax on Economic Income in Washington State (Nexus)	1	6/1/10	\$84.7	\$407.3	Changes standard for applying B&O taxes from physical presence to economic presence; B&O Deduction for aircraft loans (Alask Airlines)
50-cents per gallon (28-cents per six pack) Beer Tax Increase (Expires June 30, 2013)	13	6/1/10	\$62.6	\$117.5	Exempts microbrews (60,000 barrels or less per year); Moves Washington from 18th highest to 4th highest in the country
Sales Tax on Bottled Water	9	6/1/10	\$32.6	\$69.2	Provides a refund for tax paid on prescriptions and those without an available source of potable water
2-cent per 12-ounce Carbonated Beverage Tax (Expires June 30, 2013)	14	7/1/10	\$33.5	\$72.4	Exempts carbonated bottled water; Exempts first \$10 million of carbonated beverage sales
Sales Tax on Candy and Gum	9	6/1/10	\$30.5	\$62.4	Includes \$1,000 B&O Tax Credit for In-State Candy Manufacturers until July 2012; DOR must compile a list of candy that is taxable and not taxable
Taxes on Business Structure Transactions	2	5/1/10	\$8.5	\$30.4	Gives DOR authority to disregard certain business transactions or arrangements; Creates legislative committee to monitor implementation

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B&O Tax Increase on Property Management Salaries	12	6/1/10	\$6.9	\$14.8	Exempts non-profit property management companies and private companies that contract with public housing authorities
B&O Tax Increase on Certain Canned Meat Products (from 0.138% to 0.484%)	5	6/1/10	\$4.1	\$8.8	Agrilink Court Case; Applies to canned meats (e.g. chili), soups; canned fruits and vegetables that do not meet certain criteria
B&O Tax Increase on Mortgages	3	6/1/10	\$3.6	\$7.9	Homestreet Bank Court Case; Narrows definition of what can be deducted
B&O Tax on Corporate Officer Salaries	7	7/1/10	\$2.1	\$4.6	Applies service B&O tax rate (1.8%) to corporate board of director income
Tax Increase on Bad Debts	15	7/1/10	\$1.7	\$4.1	Limits deduction for uncollectible sales taxes only to the seller
Tax Increase on Livestock Nutrient Mgmt	6	7/1/10	\$1.3	\$2.8	Repeals sales tax exemption until June 30, 2013
Tax Increase on PUD Electric Bills	10	5/1/10	\$1.2	\$2.2	Directly affects Clark and Grays Harbor PUD
Personal Liability for Tax Debts	8	5/1/10	\$1.1	\$2.0	Expands number of corporate officers personally liable for unpaid sales tax
Additional Marketing of Lottery (SB 6409)	-	7/13/10	\$15.0		Assumes that more marketing of lottery for higher education will generate more money
Convention Center Hotel Tax Payment (SB 6889)	-	6/30/11	\$10.0		Convention Center pays state yearly for hotel tax credit against General Fund; Not a tax increase, but shown as revenue on balance sheet
Total			<u>\$ 797.7</u>	<u>\$ 1,686.7</u>	