

HOUSE BILL REPORT

SHB 2433

As Amended by Senate

Title: An act relating to providing open government through unedited televised coverage of state government proceedings.

Brief Description: Providing open government through unedited televised coverage of state government proceedings.

Sponsors: Representatives Peery, Ballard, G. Fisher, Foreman, Linville, Pruitt, Wineberry, Silver, Van Luven, L. Johnson, Cooke, Dunshee, Horn, Appelwick, Thibaudeau, Forner, Wang, H. Myers, Romero, Fuhrman, Wood, Valle, Brumsickle, Mastin, Finkbeiner, Ballasiotes, Chandler, Brough, Morris, Lemmon, Ogden, Springer, Quall, Wolfe, McMorris, Moak, Dorn, Sheahan, Carlson, R. Fisher, Karahalios, Johanson, Campbell, Edmondson, Cothorn, Kessler, Basich, J. Kohl, Conway, Jones, Shin, Sheldon, King, Orr, Patterson, Eide, Dellwo, Rayburn, Roland and Anderson.

Brief History:

Reported by House Committee on:
Revenue, January 28, 1994, DPS;
Passed House, February 14, 1994;
Amended by Senate.

HOUSE COMMITTEE ON REVENUE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Caver; Cothorn; Leonard; Romero; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Minority Report: Do not pass. Signed by 1 member: Representative Rust.

Staff: Bob Longman (786-7139).

Background: Washington's major business tax is the business and occupation (B&O) tax. This tax is imposed on the gross receipts of business activities conducted within the state. Although there are several different rates, the principal rates are:

Retailing activities	0.471 percent
Manufacturing, wholesaling & extracting	0.515 percent
Miscellaneous services	2.13 percent
Selected business services	2.5 percent

Since the B&O tax is a gross receipts tax, deductions for the costs of doing business are not permitted. Some other deductions are allowed, but most of these are really exemptions of certain types of gross income or business activities. Several types of charitable activities are exempt, although there are many more charitable activities that are exempt from federal income tax and not exempt from Washington's B&O tax. Noncharitable businesses are not permitted deductions or credits for contributions to charitable organizations.

Summary of Bill: A B&O tax credit is allowed equal to the amount of monetary contributions made to a public news organization. A credit must be taken in the same year as a contribution. The Department of Revenue must keep a running total of these credits and not allow the total for all businesses to exceed \$1.75 million during calendar year 1994. The department must adjust this limit annually according to changes in the consumer price index.

Gross receipts of public news organizations are exempt from B&O tax. Public news organization is defined as a public benefit nonprofit organization that exists solely to produce unedited televised coverage of state legislative proceedings and other proceedings of statewide significance. A public benefit nonprofit organization is defined as one that is exempt from federal income tax and is structured so that members, officers and other individuals cannot profit personally from the enterprise, other than compensation for services rendered.

The tax credit for contributions expires December 31, 2000. The gross receipts exemption for public news organizations does not expire.

VOTE ON FINAL PASSAGE: The B&O tax credit is eliminated and replaced with an escrow account for the purpose of funding television coverage of state government deliberations and other public policy events, and to pay the direct costs of producing interactive hearings over the Washington interactive teleconferencing system. Expenditures for televising government and public events are limited to \$1,750,000 in the first year, increasing 3 percent per year. Expenditures for interactive hearings are limited to \$50,000 per year.

The Office of Financial Management shall choose a nonprofit organization to provide the televised coverage by May 2, 1994. The nonprofit organization must be organized solely for the purpose of providing unedited, gavel-to-gavel coverage of state government deliberations and other public policy events of statewide significance and be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Interested organizations must submit a four-year financial plan, a feasibility plan, and an engineering plan to the office. Beginning in January 1995, the selected organization must provide an annual independent audit, an annual financial statement, an annual report, and operational benchmarks. The initial selection shall be for four years. The selection process is to be reopened by December 31, 1998.

Placement and operation of equipment is subject to agreement of the nonprofit organization and the respective houses of the Legislature. The initial terms and conditions and any changes must be ratified by two-thirds vote of each house by concurrent resolution.

Funds from the escrow account may not be used to lobby the legislature, local governments, or state agencies, or to make political contributions. Funds from the escrow account may not be used to pay compensation of more than \$50,000 per year, including benefits, to any employee.

The sum of \$6,600,000 is appropriated to the State Treasurer for the purposes of the bill.

Fiscal Note: Requested on substitute bill January 28, 1994.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: There is broad bipartisan support for this measure. Confidence will be restored in government through broader public access to meetings where issues are discussed and debated. The measure has special significance for those outside the Puget Sound corridor. Democracy works best when people are involved. Not everyone can travel to Olympia. Decisions about programming will not be controlled by the Legislature but by a nonprofit organization independent of the Legislature. Television coverage of the Legislature will provide an important tool for the civic education of Washington's students. Televising proceedings from the over 500 boards and commissions will bring "sunlight" on these important meetings.

Testimony Against: None.

Witnesses: Representative Kim Peery, prime sponsor; Representative Clyde Ballard, sponsor; Senator Dean Sutherland (sponsor of similar measure in the Senate); Della Newman, Washington Public Affairs Network; Margaret Colony, State League of Women Voters; Joyce Turner, Washington Public Affairs Network; Jim Bailey, Wenatchee High School; Erin Dziedzic, Liberty High School; and Dennis Heck, Washington Public Affairs Network.

VOTE ON FINAL PASSAGE:

Yeas 90; Nays 6; Excused 2

Nays: Representatives Chappell, G. Cole, Fuhrman, Lisk, Padden, Rust

Excused: Representatives Cothorn, Thibaudeau